



INKOSI LANGALIBALELE LOCAL MUNICIPALITY

ANNUAL REPORT 2018-2019

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PREFACE

Legislative

Section 121 of the Local Government: Municipal Finance Management Act 56 of 2003 (MFMA) stipulates that “

Every municipality and every municipality entity must for each financial year prepare an annual report in accordance with this Chapter. The council of a municipality must within nine months after the end of a financial year deal with the annual report of the municipality and of any municipal entity under the municipality's sole or shared control in accordance with section 129.

The purpose of an annual report is-

To provide a record of activities of the municipality or municipal entity during the financial year to which the report relates;

To provide a report on performance against the budget of the municipality or municipal entity for that financial year; and

To promote accountability to the local community for the decision made throughout the year by the municipality or municipality entity

The annual report of the municipality must include-

- *The annual financial statements of the municipality, and in addition, if section 122 (2) applies, consolidated annual financial statements, as submitted to the Auditor General for audit in terms of section 126 (1);*
- *The Auditor General report in terms of section 126 (3) on those financial statements.*
- *The annual performance report of the municipality prepared by the municipality in terms of section 46 of the Municipal System Act;*
- *The Auditor General's audit report in terms of section 45 (b) of the Municipal Systems Act.*

- An assessment by the municipality 's accounting officer of any arrears on municipal taxes and service charges;
- An assessment by the municipality's accounting officer of the municipality's performance against the measurable performance objectives referred to in section 17 (3) (b) for revenue collection from each revenue sources and for each vote in the municipality's approved budget for the relevant financial year;
- Particulars of any corrective action taken or to be taken in response to the issues raised in the audit reports referred to in paragraphs (b) and (d)
- Any explanation that maybe necessary to clarify issues that in connection with the financial statements;
- Any information as determined by the municipality;
- Any recommendations of the municipality's audit committee; and
- Any other information as may be prescribed.
- The annual report of a municipal entity must include-
- The annual financial statements of the entity as submitted to the Auditor General for audit in terms of section 126 (2) on those financial statements
- The Auditor General's audit report in terms of section 126 (3) on those financial statements;
- An assessment by the entity's accounting officer of any arrears on those financial statements;
- An assessment by the entity's accounting officer of the entity's performance against any measurable performance objectives set in terms the service delivery agreement or other agreement between the entity and its parent municipality
- Particulars of any corrective action taken or to be taken in response to issues raised in the audit report referred to in paragraph (b);
- Any information as determined by the entity or its parent municipality;
- Any recommendations of the audit committee of the entity or its parent municipality; and
- Any other information as may be prescribed."

CHAPTER 1: MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

Component A: Mayor's Foreword



The 2018/2019 financial year has been a year of social relevance, community development and empowerment prescripts. Inkosi Langalibalele Local Municipality took a peculiar shape by heeding to a call to strengthen good governance in the midst of very serious financial difficulties at hand.

Chapter 5 and section 25 of the Local government Municipal System Act (Act 32 of 2000) stipulates that Municipalities should adopt and implement an all-inclusive plan for the development of the municipality.

We are concerned and not proud about auditor general's report that gave us an adverse opinion for the 2018/2019 financial year. This therefore leaves the Municipality with a mammoth task to exert force/ pressure in striving for the better results in the next financial year. The last financial year had some highs and lows but the municipality was able to stand the test of time. The Municipality has encountered with the outbreak of natural disasters that left the municipality with so much toil to execute.

This municipality has seen the following arears launching electrification in the last financial year, in ward 23, in ward 19, infills in ward 20, ,ward 02 and ward 04/ and 05 the project is underway.

School functionality monitoring program has become a cornerstone of mayoral Programs. We have visited 2 schools in wads 9 and 17 for the program of intervention in school violence, Bonokuhle High School have successfully hosted the Premiers visit and intervention strategies to improve performance were crafted and that's beginning to yield good results. Schools are always targeted to deal with social ills that continues to pose a threat in our society. The back to school program was also conducted successfully in which, Inkosi Langalibalele Local Municipality continues to support schools with school shoes, uniform and other needs to the pupils to improve their performance especially for grade 12 year senior certificate results.

2019/2020 promises to be the most vibrant one given the fact that we are faced with a colossal project that will test our ability to deliver services without tenaciously. As Inkosi Langalibalele we had a very peaceful National Elections we would like to thank all the citizen of Inkosi Langalibalele for going out to vote.

Our Municipality conducts needs analysis to ensure effective and efficient communication. The IDP is the epicentre that highlights our priorities in that respect and the Municipal Public Accounts Committee (MPAC) continues to play a pivotal oversight role effectively even though it is not fully functional. Some great strides taken by this time around ranges from the continuation of projects that has been introduced

thus far which includes inter alia renewal of access roads, construction of pedestrian bridges, sidewalks on provincial roads, community halls, water and sanitation development and of course electrification of certain areas under Inkosi Langalibalele Local Municipality.

It humbles me to applaud tireless effort placed by honourable councillors, Municipal officials, NGO's, NPO's, war rooms, OSS team, Government Departments and contractors. Their commitment in changing the lives of the people for the better is evident despite challenges. I am therefore privileged to table this annual report in accordance with the Local Government Municipal Finance Management Act no 56 of 2003 Section 127.

I thank you

Cllr JM Mbele

(Her Worship- the Honourable Mayor for Inkosi Langalibalele Local Municipality)

Component B: Executive Summary: Municipal Manager Overview

In terms of Section 121 of the Municipal Finance Management Act of 2003 (MFMA) read together with Section 46 of the Municipal Systems Act No 32 of 2000 regulates the manner in which the Accounting Officer should prepare both the Annual Report and the Annual Performance Report. In compliance with the abovementioned sections of legislation, it is indeed an honour and privilege for management to join Her Worship the Mayor, our political Head, the Honourable Speaker and the entire Council to present this Annual report to all our stakeholders.

Annual Performance Report sets as one of the major tools that transparent the municipal progress and performance on key programmes that are set out to the municipal strategic document of the municipality. The report communicates with stakeholders about the municipal performance, on financial and non-financial matters for the year under review.

In 2018/19 financial year the municipality has managed to remain with all Section 54/56 Managers that were appointed by the Municipality only the General Manager Development Planning that is vacant.

Inkosi Langalibalele Local Municipality occupies both urban and rural areas i.e. the former Umtshezi and Imbabazane, this has led into settlement challenges in the Municipality and subsequently challenges in the placement of employees and parity issues. There are also challenges in collection of revenue due to the non-payment of rates and services by the Community.

With the challenges that the municipality have been facing, the municipality has obtained adverse audit opinion with matters of emphasis. This reflects that the workforce of the municipality should be hands on in their daily duties.

There are six National Key Performance Areas that the Municipality will be focusing on which is:

KPA 1: Municipal Institutional Development and Transformation

KPA 2: Basic Service Delivery

KPA 3: Good Governance and Public Participation

KPA 4: Local Economic Development

KPA 5: Municipal Financial Viability and Management

KPA 6: Cross Cutting Intervention

In conclusion I take this opportunity to express my sincere gratitude to all role players who contributed positively towards good governance of Inkosi Langalibalele Local Municipality more especially the political leadership, municipal officials, ward committees, Provincial and National departments and our community at large. I still believe Inkosi Langalibalele can do more on championing service delivery.

I Thank You

Mr P.S. Mkhize
Municipal Manager

Municipal Functions, Population and Environment Overview

The Inkosi Langalibalele Local Municipality is one of the three local municipalities that comprise UThukela District Municipality. Although the SDF has a clear spatial focus, it is critically important to locate it within the broader development profile of the Municipality. Essentially, this refers to a broad overview of the demographic, social economic trends, opportunities and challenges. Inkosi Langalibalele Local Municipality population is estimated at 196227 individuals. This marks an increase from the situation in 2013. The majority of the population is African constituting 96% of the total population. The minority racial groups constitute 4% of the total. Population growth is expected to continue to grow albeit at a much slower rate compared to the last census decade. Areas such as Wembezi and Estcourt town are likely to attract most of the population growth due to their strategic location.

Inkosi Langalibalele Local Municipality Population

Municipality	Population
Inkosi Langalibalele Local Municipality	215 182

The total population within the Inkosi Langalibalele local Municipality is 215 182, this figure is derived from statistics South Africa 2016 census by combining the two municipal populations. The merging of these two municipalities means that the population as well as the area of jurisdiction will grow.

Population by Size

The 2016 community survey indicates that the population of Inkosi Langalibalele LM is 215 182. The population of the municipality is population increased by 1.69% between 2011 and 2016.

2011			2016		
	Male %	Female %		Male %	Female %
UThukela	46.5	53.5	UThukela	47.2	52.8
Umtshezi	46.4	53.6	Inkosi	47.3	52.7
Imbabazane	46.7	53.3	Langalibalele		

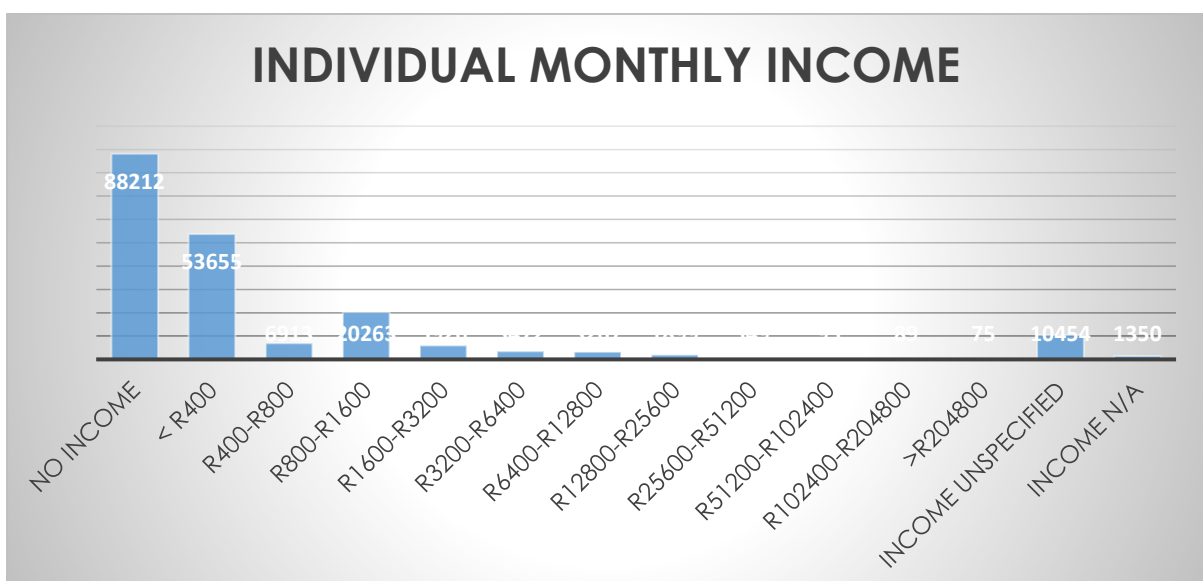
Population by Age

Population	Inkosi Langalibalele Local Municipality
Age Structure	
Population under 15 years	36,4%
Population from 15 – 64 years	59,6%
Population over 65 years	4,0%
Dependency Ratio	
Per 100 (15-64)	67,8
Sex Ratio	
Males per 100 females	89,9
Population Growth	
Per annum	2,10%
Labour Market	
Unemployment Rate (official)	n/a
Youth unemployment rate (official) 15-34	n/a
Education (aged 20+)	
No Schooling	10,8%
Matric	33,7%
Higher Education	7,0%
Households Dynamics	

Households	46 953
Average household size	4,6
Female headed households	53,1%
Formal dwellings	75,3%
Housing owned	89,4%
Households Services	
Flush toilet connected to sewerage	18,8%
Weekly refuse removal	22,0%
Piped water inside dwelling	15,5%
Electricity for lighting	85,2%

Individual Monthly Income

Individual Monthly Income	Inkosi Langalibalele Local Municipality
No Income	88212
< R400	53655
R400-R800	6913
R800-R1 600	20263
R1 600-R3200	5926
R3200-R6400	3472
R6400-R12800	3267
R12800-R25600	1899
R25600-R51200	549
R51200-R102400	95
R102400-R204800	89
>R204800	75
Income Unspecified	10454
Income N/A	1350



CHAPTER 2: GOVERNANCE

Introduction to Governance

A municipality is made up of a municipal council, the administration and the community. Governance in a municipal context entails a system whereby all the three tiers function together for a common purpose of service delivery. The municipal council is made up of councillors who are democratically elected and are assigned powers and functions by the Constitution and other pieces of legislation. The municipal council's governance system is through committees. The community's participation and involvement in municipal affairs is entrenched by the constitution and legislation has mandated that all municipalities establish ward committees to enhance community participation.

This Chapter will dwell deeper into how Inkosi Langalibalele Local Municipality's system of governance is implemented.

Component A: Governance Structures (Administration and Political Structures)

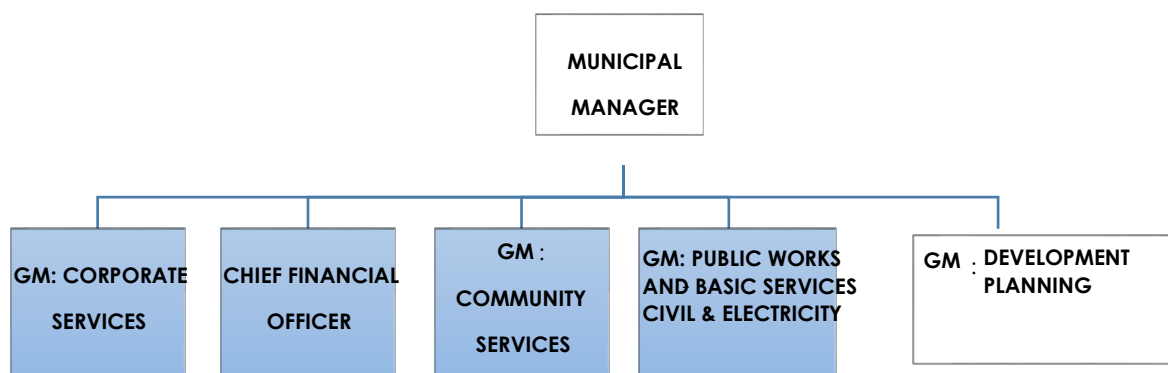
Administration Structure

The administration is a support arm of the municipal council and consists of a Municipal Manager and municipal employees.

Below is the Administration Top Structure (Section 54/56 Managers) which is the Municipal Manager and 4 General Managers were appointed and 1 General Manager is still vacant the Municipal Manager is taking care of this Department.

Section 60 of the Municipal Finance Management Act provides that the Municipal Manager of a municipality is the accounting officer of the municipality for the purposes of this Act and must provide guidance on compliance with this Act to political structures; political office bearers, and officials of the municipality and any entity under the sole or shared control of the municipality.

The Municipal Manager is the Head of the Administration and Accounting Officer of the Municipality, and is primarily responsible for service delivery. The administration comprises the Office of the Municipal Manager and 5 Departments; namely: Corporate Services, Budget and Treasury, Community Services, Development Planning, Public Works and Basic Services (Electricity and Civil).



Administrative Governance Core Functions

DEPARTMENT	CORE FUNCTIONS
Office of the Municipal Manager (OMM)	• Internal auditing • Risk management • Performance Management System • Council Support • Integrated Development • Communication • Special programmes (HIV/AIDS, Disability, Senior Citizens, Operation Sukuma Sakhe, Sports) • Legal and Estates • Public Participation • Youth Development
Corporate Services	• Human Resource management and Labour Relations • Information and communications technology • Administration and Secretariats
Budget and Treasury	• Revenue management • Expenditure management (Salaries and Creditors) • Compliance, Budget and Reporting Management • SCM Demand and Stores Management • SCM Procurement and Acquisitions • Customer Care, Meter Reading, Data Processing and Customer Care Income • Assets and Fleet Management
Community Services	• Municipal Enterprises • Law Enforcement • Cleansing • Emergency Services • Disaster Management

	•
Planning Development	• Local Economic Development • Tourism • Human Settlement • Geographical (GIS) • Town Planning • Building Inspectors • Environmental Management
Public Works and Basic Services Electricity & Civil	• Electrical methods and standards • Electrical Planning and Operations • Electrical Admin and Support • Project Management Unit • Project Management Maintenance

Following is the Inkosi Langalibalele Local Municipality's Approved Organogram for 2018/2019 Financial Year which consist of different Departments. That assist the Municipality to perform its function to provide service delivery to its communities.

Organizational Structure:

A new Organogram was developed for the 2019/2020 financial year as per the Ministerial Representatives Terms of Reference. The newly developed Organogram was approved by Council on the 30 May 2019, as per Council resolution: **(13.6)C30/05/2019**.

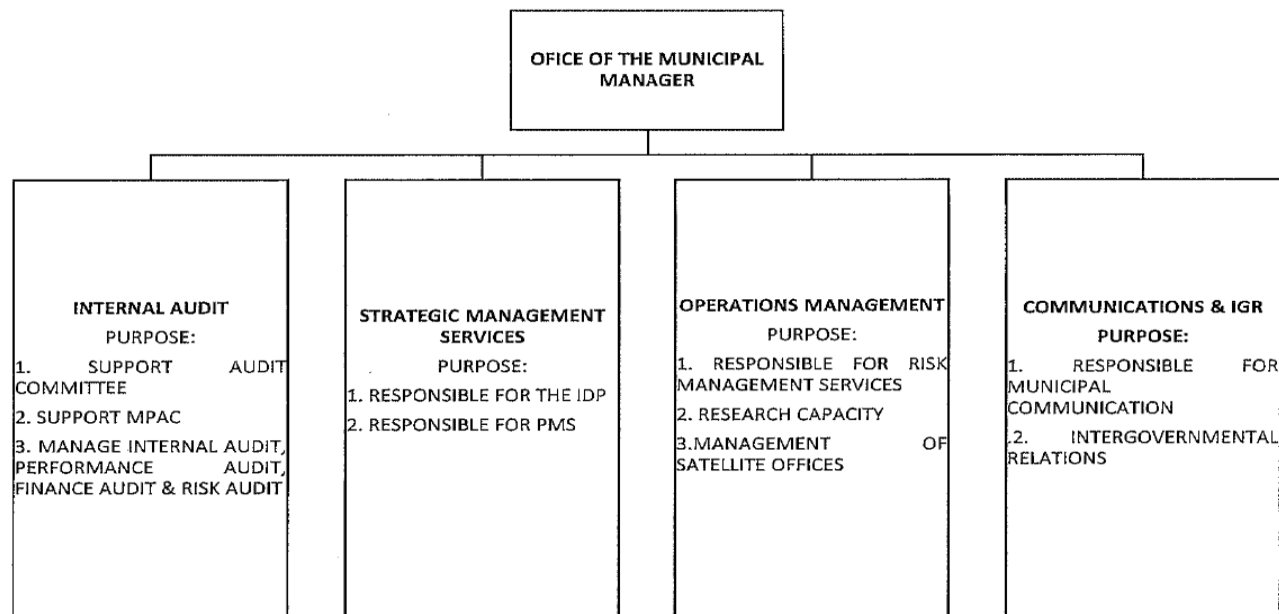
The Organogram consists of:

Posts: 190

Position: 527

We are now awaiting for the Placement process to unfold in order to fill in the vacant posts.

FUNCTIONAL ORGANIZATION OF THE INKOSI LANGALIBALELE LOCAL MUNICIPALITY



Council Resolution no: Adoption (13.6) C04/07/2018

Noting of amendments: (13.8) C30/05/2019

Signed by:

Administrator: (Vilakazi D)

Municipal Manager: (Mkhize PS)

Honourable Mayor: (Mbele JM)

Date: 11/06/2019

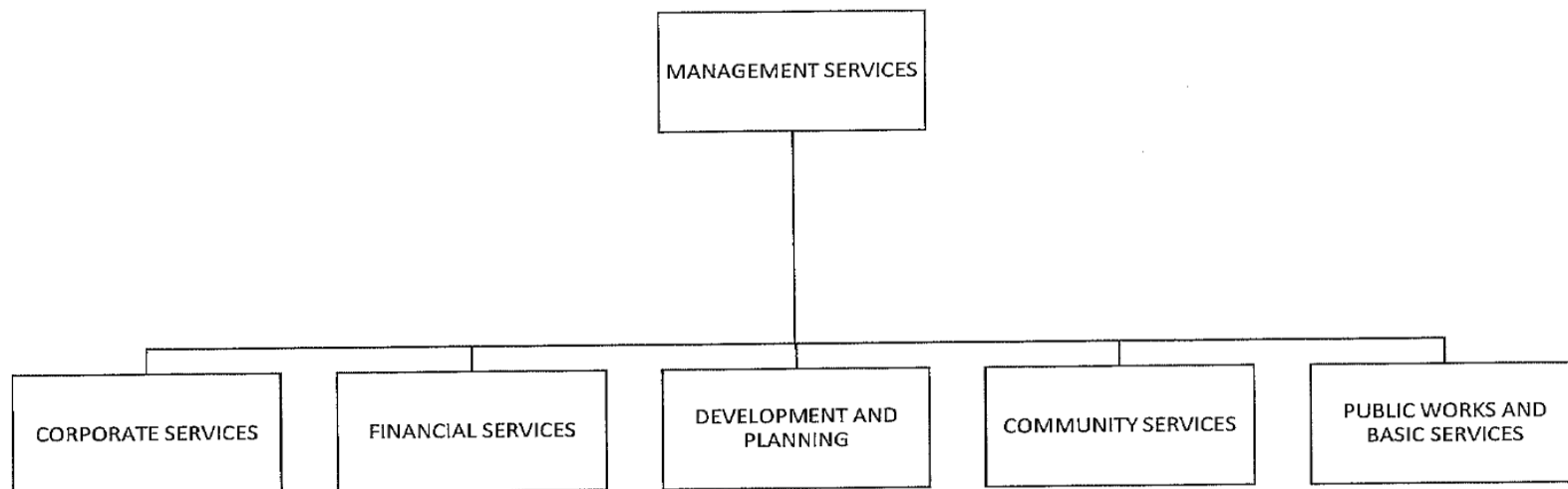
Date: 14/06/2019

Date: 12/06/19

Posts: 190

Positions: 527

MANAGEMENT MACRO STRUCTURE



Council Resolution no: Adoption (13.6) C04/07/2018

Noting of amendments: (13.8) C30/05/2019

Signed by:

Administrator: (Vilakazi D)

Municipal Manager: (Mkhize PS)

Honourable Mayor: (Mbele JM)

Date:

Date:

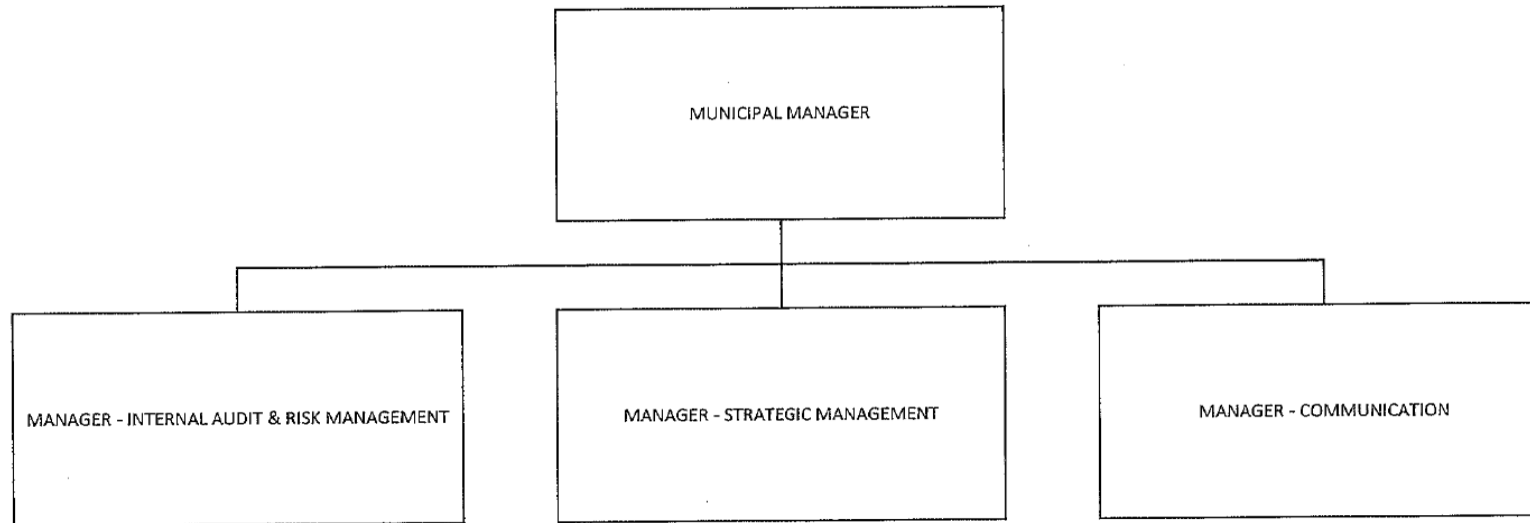
Date:

Posts: 190

Positions: 527

2

OFFICE OF THE MUNICIPAL MANAGER



Council Resolution no: Adoption (13.6) C04/07/2018

Noting of amendments: (13.8) C30/05/2019

Signed by:

Administrator: (Vilakazi D)

Municipal Manager: (Mkhize PS)

Honourable Mayor: (Mbele JM)

Date: 11/06/2019

Date: 14/06/2019

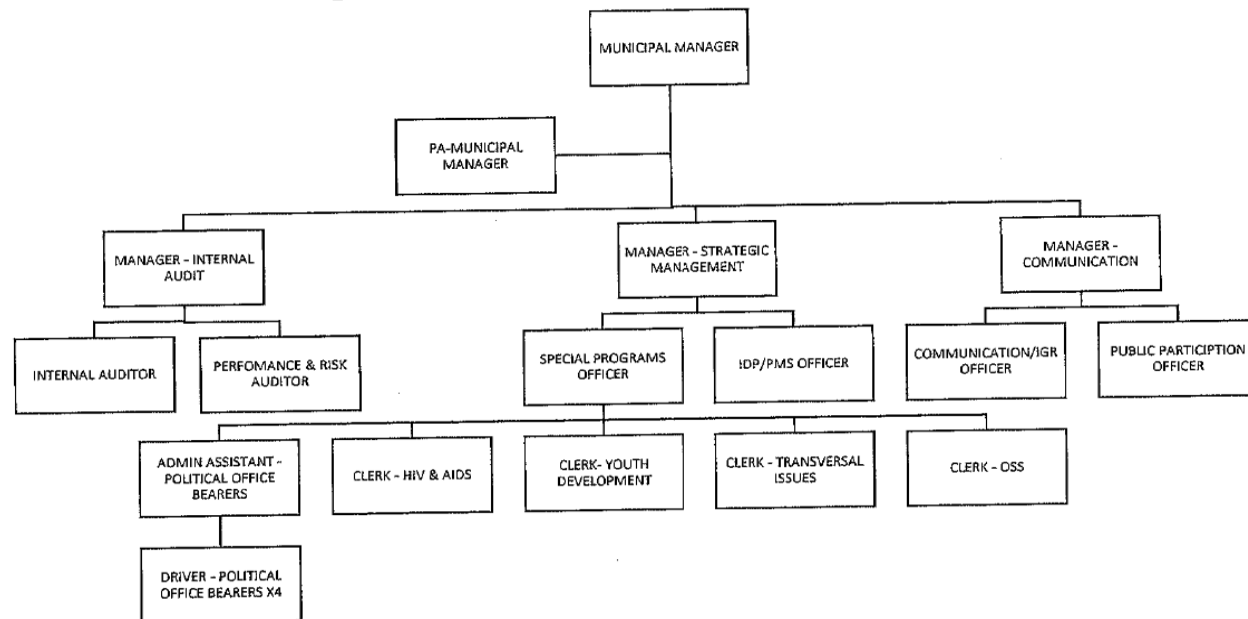
Date: 12/06/19

Posts: 190

Positions: 527

3

OFFICE OF THE MUNICIPAL MANAGER



Council Resolution no: Adoption (13.6) C04/07/2018

Noting of amendments: (13.8) C30/05/2019

Signed by:

Administrator: (Vilakazi D)

Municipal Manager: (Mkhize PS)

Honourable Mayor: (Mbele JM)

Date:

11/06/2019

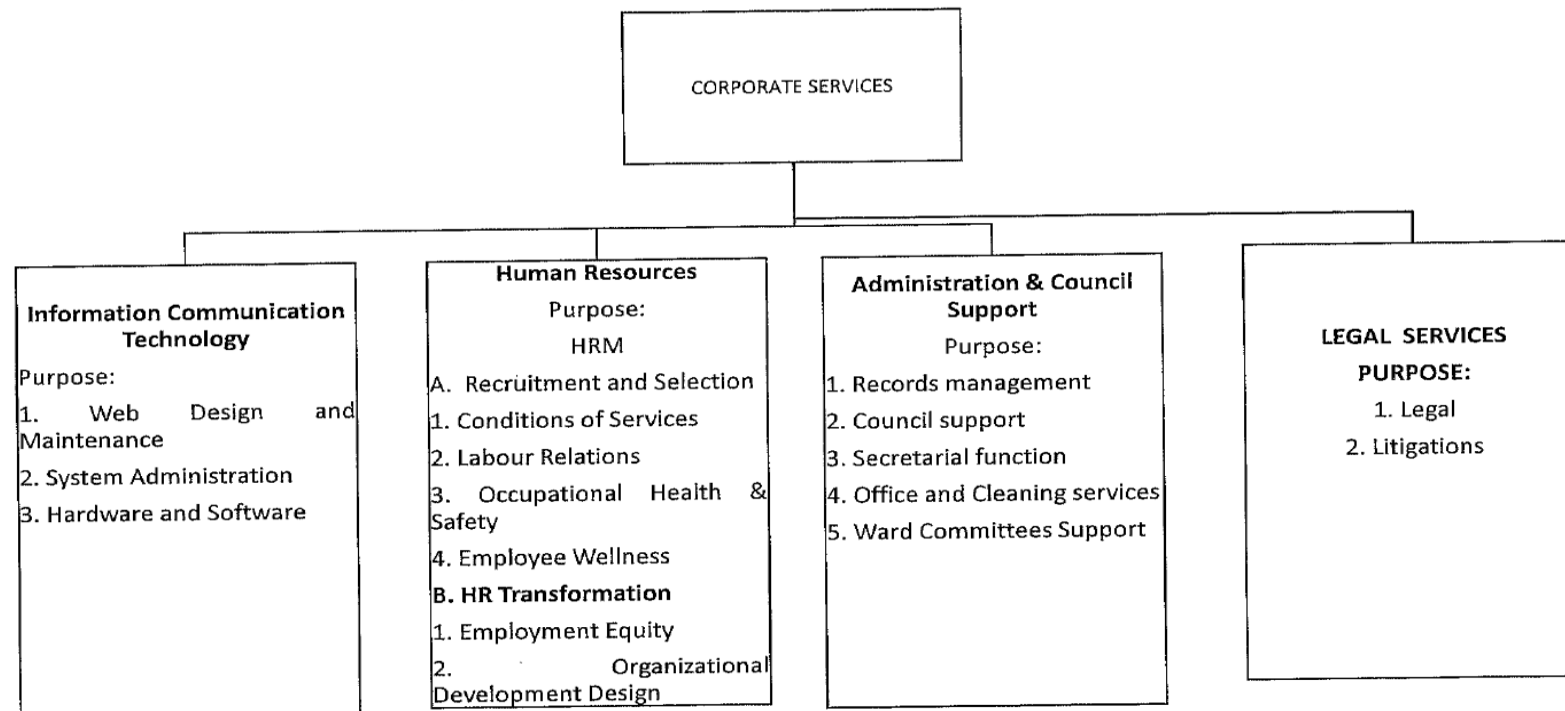
14/06/2019

12/06/19

Posts: 190

Positions: 527

4



Council Resolution no: Adoption (13.6) C04/07/2018

Noting of amendments: (13.8) C30/05/2019

Signed by:

Administrator: (Vilakazi D)

Municipal Manager: (Mkhize PS)

Honourable Mayor: (Mbele JM)

Date:

Date: 14/06/2019

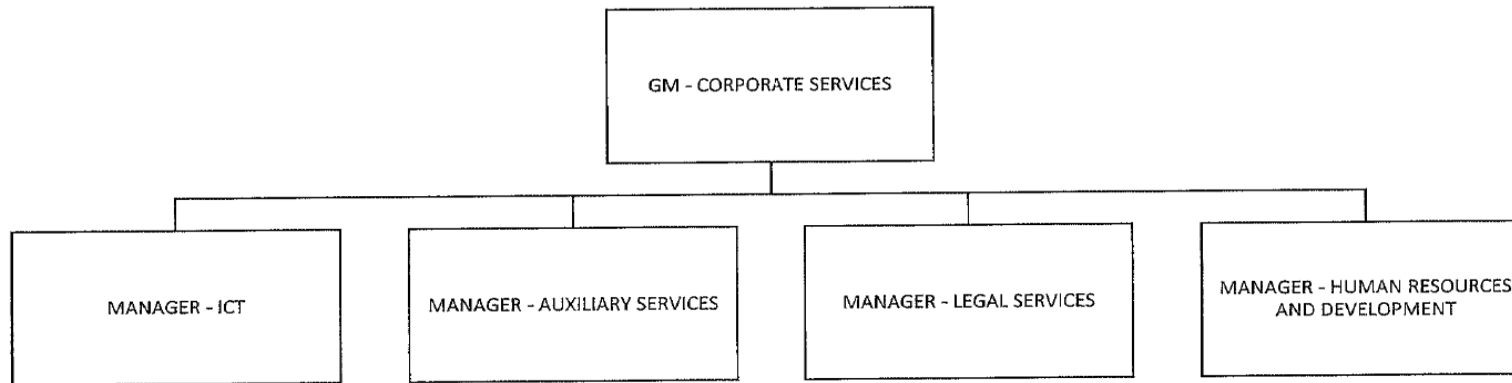
Date: 12/06/19

Posts: 190

Positions: 527

5

CORPORATE SERVICES DEPARTMENT



Council Resolution no: Adoption (13.6) C04/07/2018

Noting of amendments: (13.8) C30/05/2019

Signed by:

Administrator: (Vilakazi D)

Municipal Manager: (Mkhize PS)

Honourable Mayor: (Mbele JM)

Date:

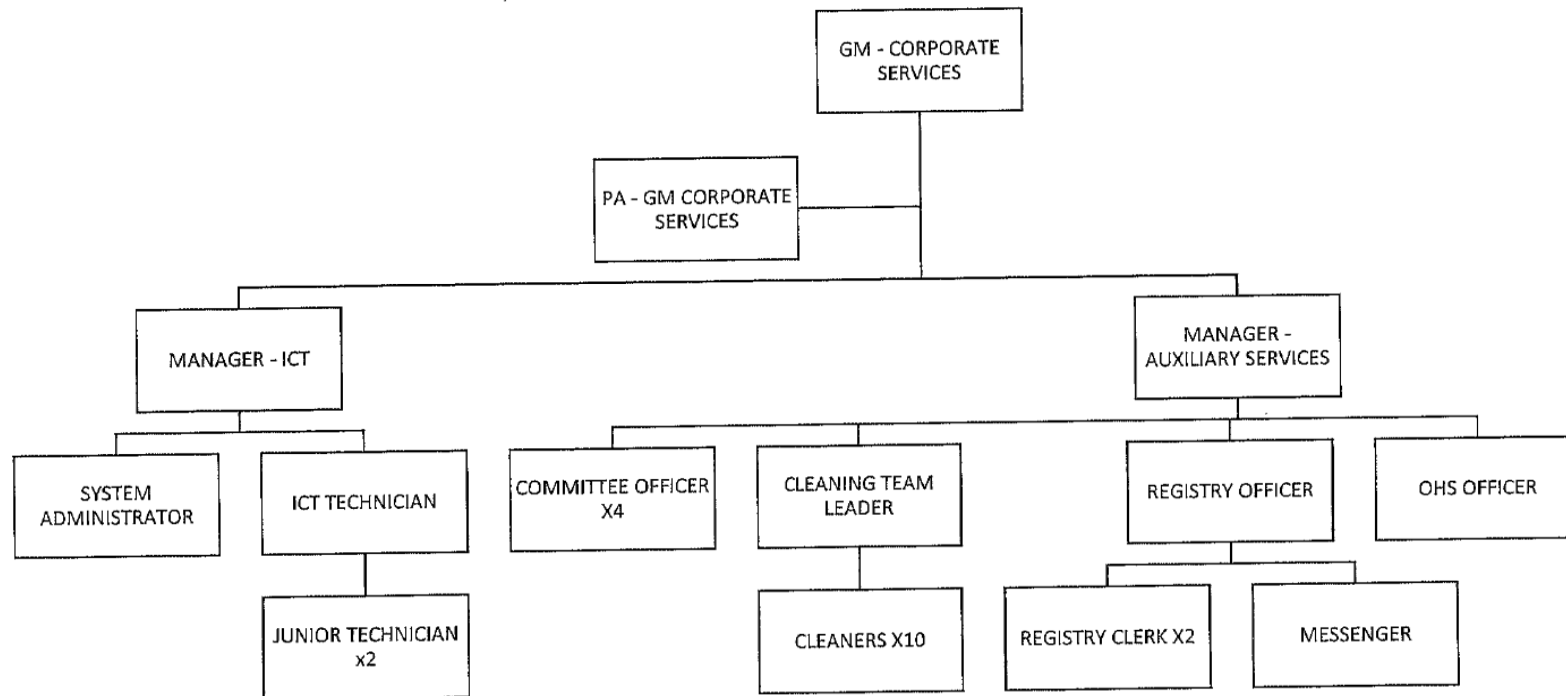
Date:

Date:

Posts: 190

Positions: 527

CORPORATE SERVICE DEPARTMENT



Council Resolution no: Adoption (13.6) C04/07/2018

Noting of amendments: (13.8) C30/05/2019

Signed by:

Administrator: (Vilakazi D) *[Signature]*

Municipal Manager: (Mkhize PS) *[Signature]*

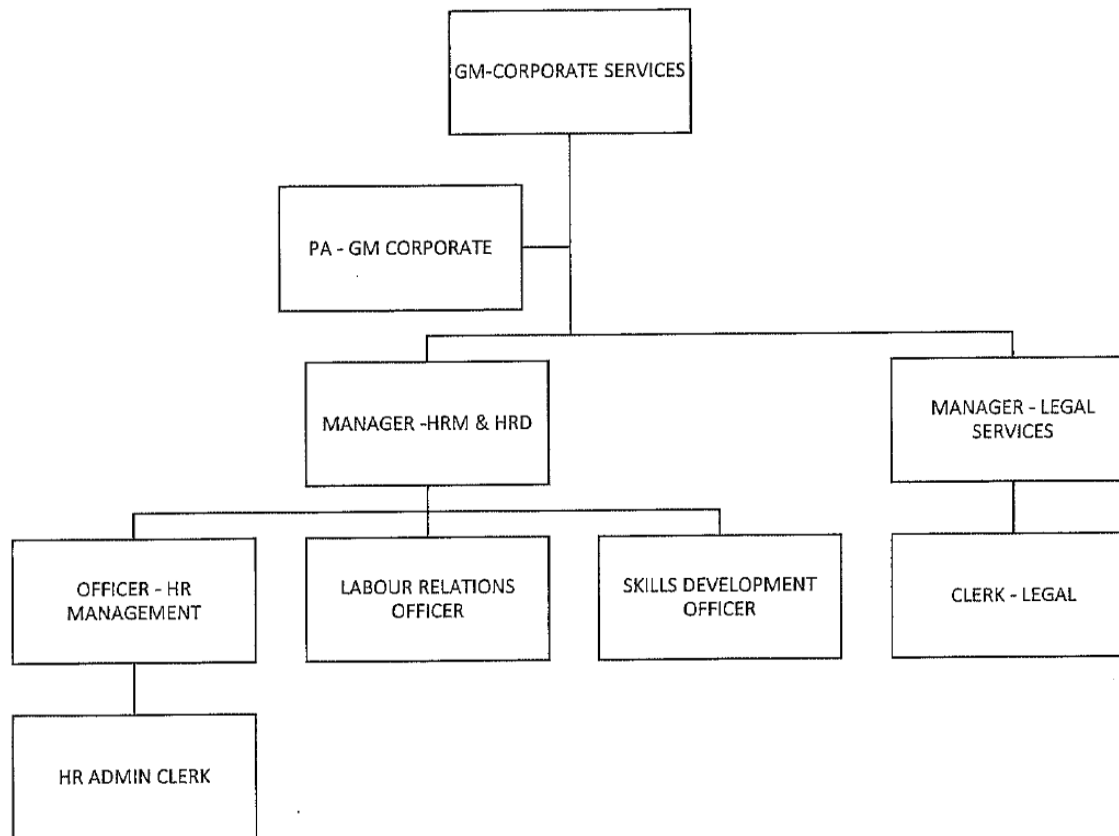
Honourable Mayor: (Mbele JM) *[Signature]*

Date: *14/06/2019*
 Date: *14/06/2019*
 Date: *12/06/19*

Posts: 190

Positions: 527

7



Council Resolution no: Adoption (13.6) C04/07/2018

Noting of amendments: (13.8) C30/05/2019

Signed by:

Administrator: (Vilakazi D) _____

Municipal Manager: (Mkhize PS) _____

Honourable Mayor: (Mbele JM) *[Signature]*

Date: _____

Date: *11/06/2019*

Date: *14/06/2019*

Date: *12/06/19*

Posts: 190

Positions: 527

(8)

**FINANCIAL
MANAGEMENT SERVICES**

**SUPPLY CHAIN
MANAGEMENT**

Responsible for:

1. Demand
2. Acquisition
3. Disposal
4. Logistics
5. Contract Management

FINANCIAL PLANNING

Responsible for:

1. Budget
2. Reporting
3. Cash Book

EXPENDITURE

Responsible for:

1. Payroll
2. Creditors

REVENUE

Responsible for:

1. Income
2. Collections
3. Credit Control

ASSET MANAGEMENT

Responsible for:

1. Maintenance of Asset Register
2. Stores
3. Fleet

Council Resolution no: Adoption (13.6) C04/07/2018

Noting of amendments: (13.8) C30/05/2019

Signed by:

Administrator: (Vilakazi D) _____

Municipal Manager: (Mkhize PS) _____

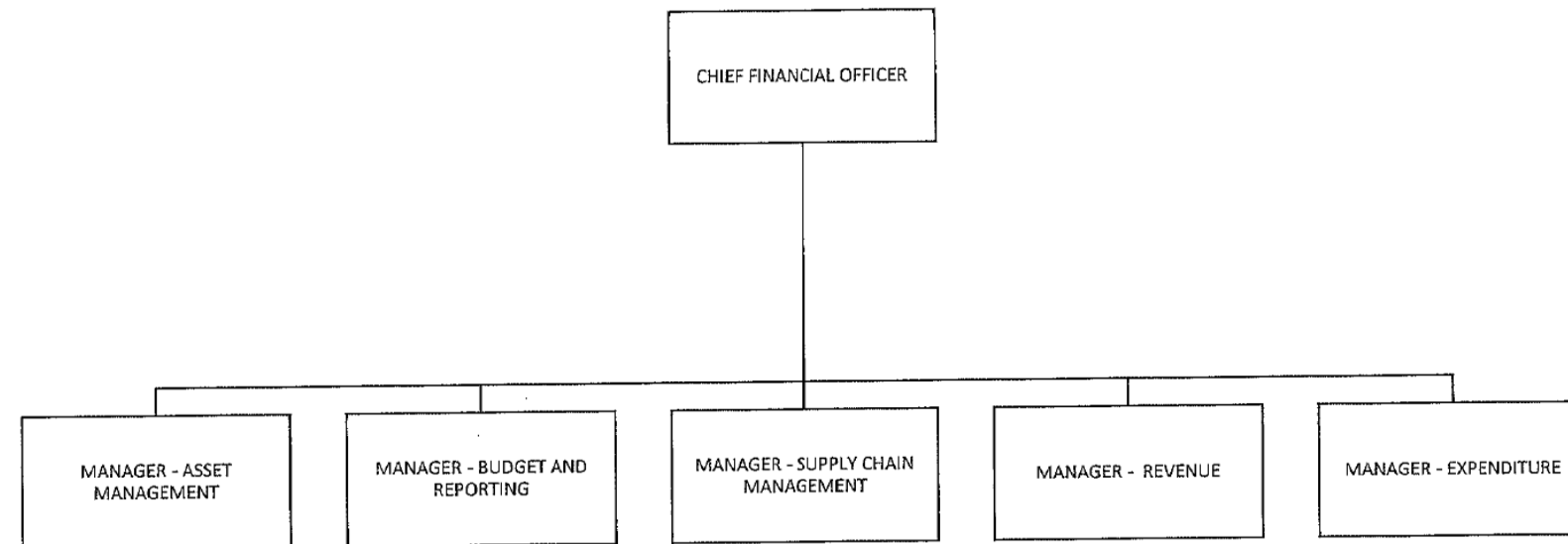
Honourable Mayor: (Mbele JM) *gmhse* _____

Date: *4/06/2019*
Date: *14/06/2019*
Date: *12/06/19*

Posts: 190

Positions: 527

9



Council Resolution no: Adoption (13.6) C04/07/2018

Noting of amendments: (13.8) C30/05/2019

Signed by:

Administrator: (Vilakazi D) _____

Municipal Manager: (Mkhize PS) _____

Honourable Mayor: (Mbele JM) _____

Date: 4/06/2019

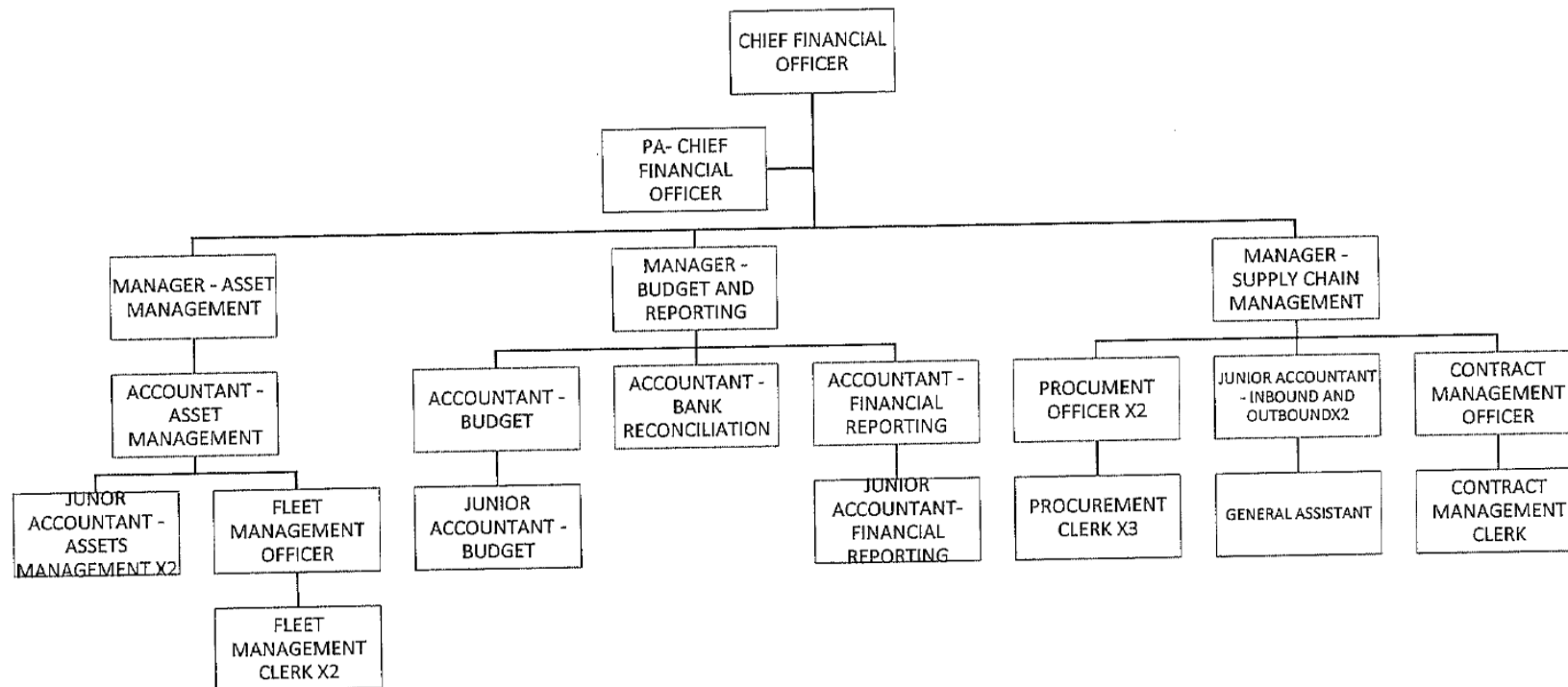
Date: 14/06/2019

Date: 22/06/19

Posts: 190

Positions: 527

10

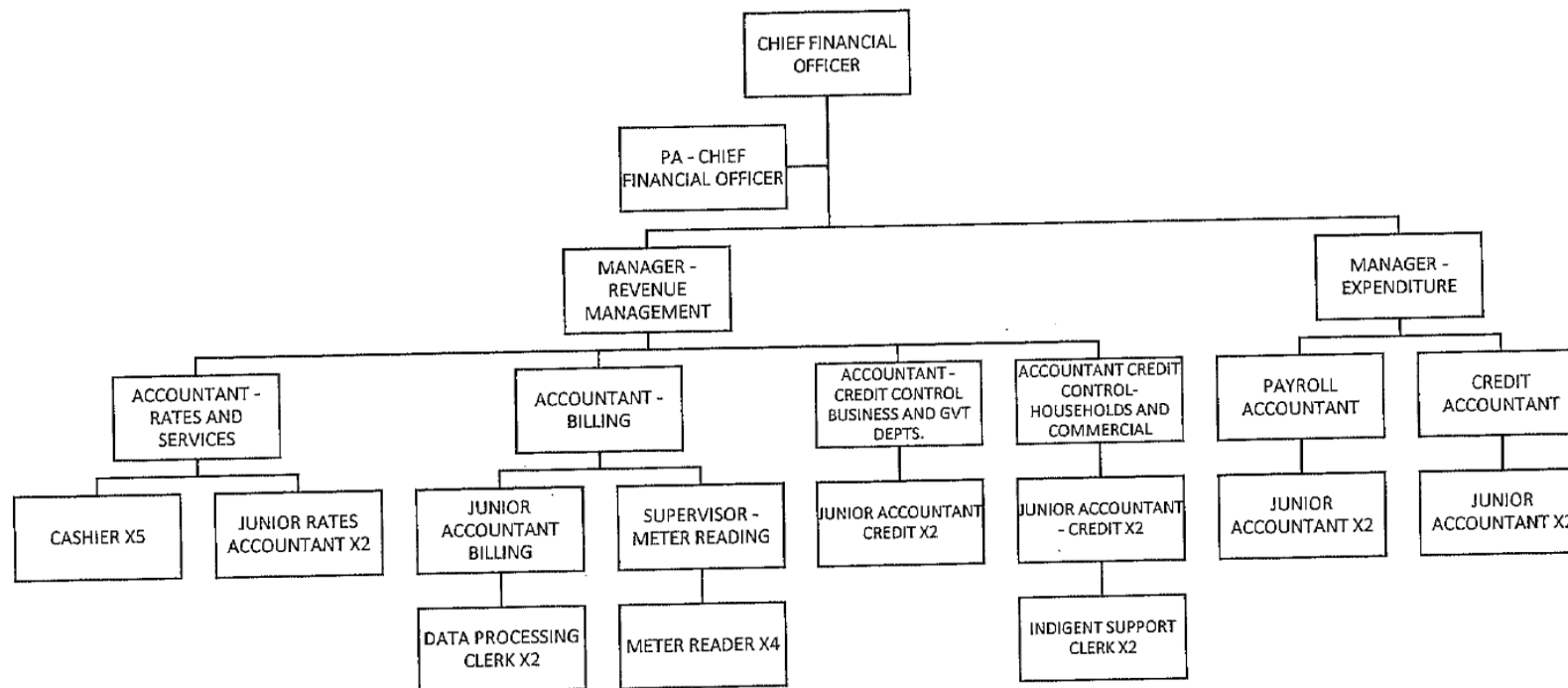


Council Resolution no: Adoption (13.6) C04/07/2018
 Noting of amendments: (13.8) C30/05/2019
 Signed by:
 Administrator: (Vilakazi D) _____
 Municipal Manager: (Mkhize PS) _____
 Honourable Mayor: (Mbele JM) *[Signature]*

Date: *14/06/2019*
 Date: *14/06/2019*
 Date: *12/06/19*

Posts: 190
 Positions: 527

12



Council Resolution no: Adoption (13.6) C04/07/2018

Noting of amendments: (13.8) C30/05/2019

Signed by:

Administrator: (Vilakazi D)

Municipal Manager: (Mkhize PS)

Honourable Mayor: (Mbele JM)

Date:

11/06/2019

14/06/2019

12/06/19

Posts: 190

Positions: 527

13

Community Services

PUBLIC SAFETY

Responsible for:

1. Licensing
2. Law Enforcement
3. Fire Services
4. Security
5. Disaster

SOCIAL SERVICES

Responsible for:

1. Environmental Services
2. Solid Waste
3. Cemeteries
4. Parks and Gardens
5. Public Participation
6. Community Based Plan
6. Customer Care
7. Poverty Alleviation (EPWP, CWP, INDIGENT)

COMMUNITY SERVICES CENTRE

Responsible for:

1. Libraries
2. Art and Culture
3. Community Services Centre
4. Community Sport and Recreational Facilities

Council Resolution no: Adoption (13.6) C04/07/2018

Noting of amendments: (13.8) C30/05/2019

Signed by:

Administrator: (Vilakazi D)

Municipal Manager: (Mkhize PS)

Honourable Mayor: (Mbele JM)

Date:

Date: 14/06/2019

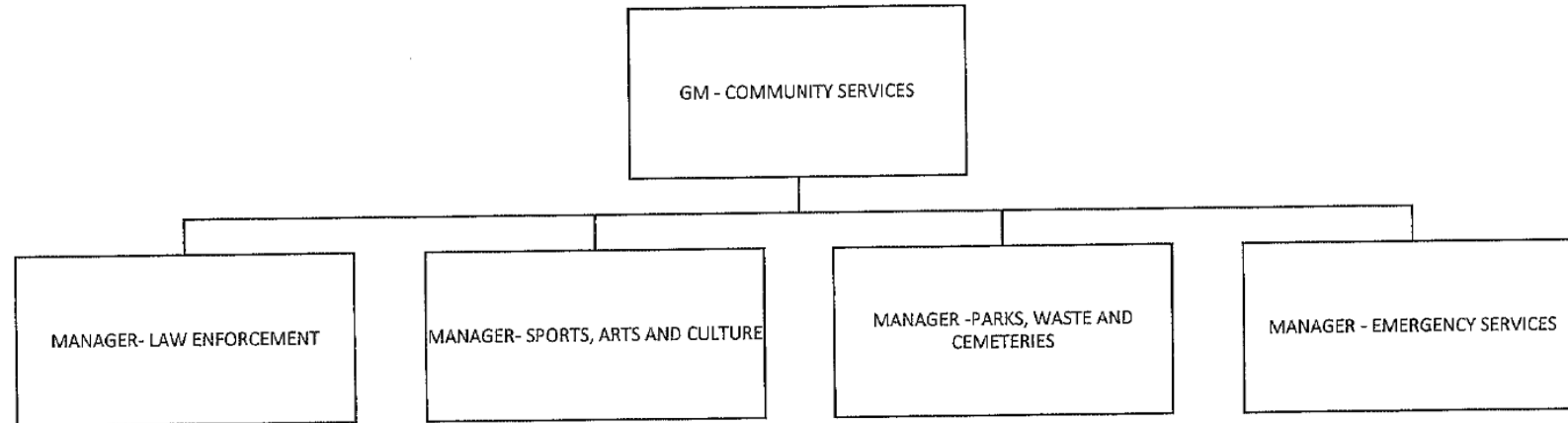
Date: 12/06/19

Posts: 190

Positions: 527

14

COMMUNITY SERVICES DEPARTMENT



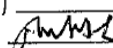
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Noting of amendments: (13.8) C30/05/2019

Signed by:

Administrator: (Vilakazi D) 

Municipal Manager: (Mkhize PS) _____

Honourable Mayor: (Mbele JM) 

Date:

11/06/2019

Date:

14/06/2019

Date:

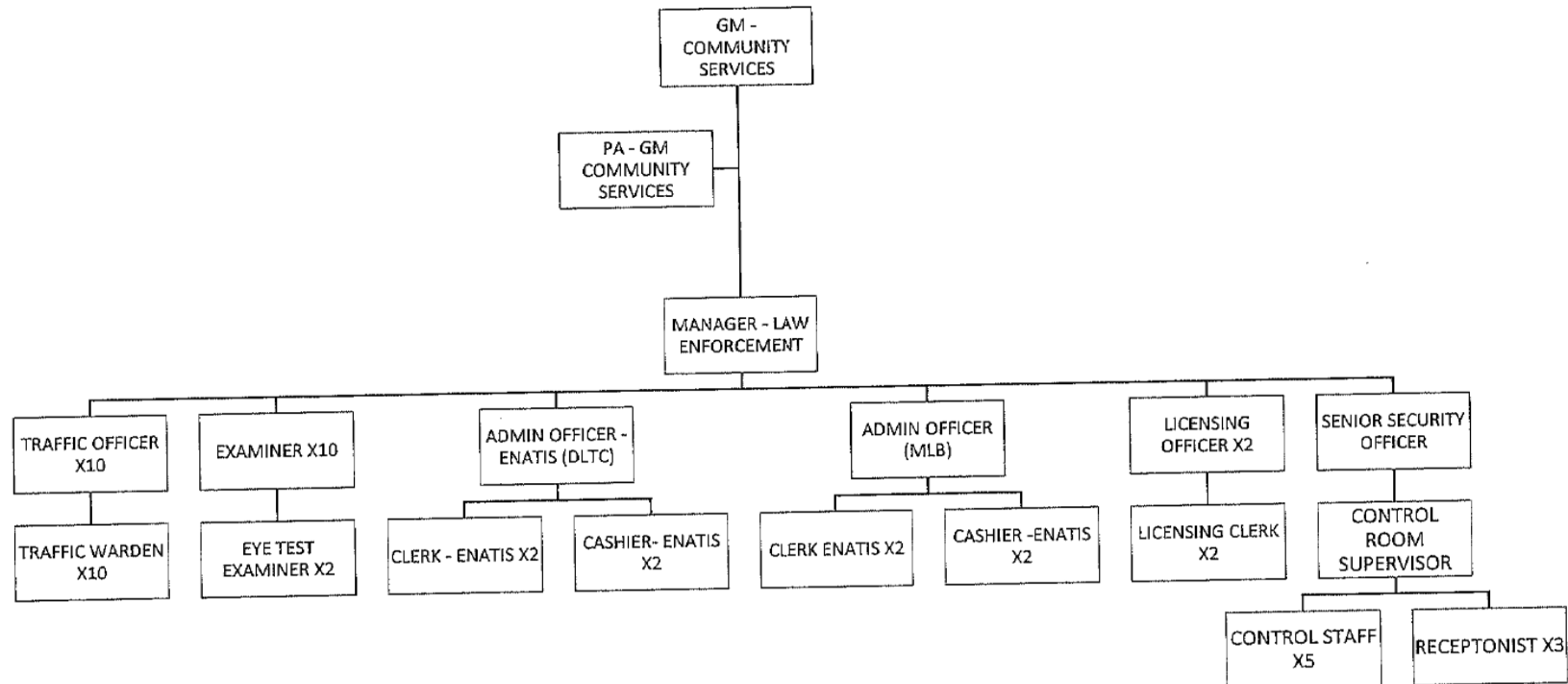
12/06/19

Posts: 190

Positions: 527

15

COMMUNITY SERVICES DEPARTMENT



Council Resolution no: Adoption (13.6) C04/07/2018

Noting of amendments: (13.8) C30/05/2019

Signed by:

Administrator: (Vilakazi D)

Municipal Manager: (Mkhize PS)

Honourable Mayor: (Mbele JM)

Date:

14/06/2019

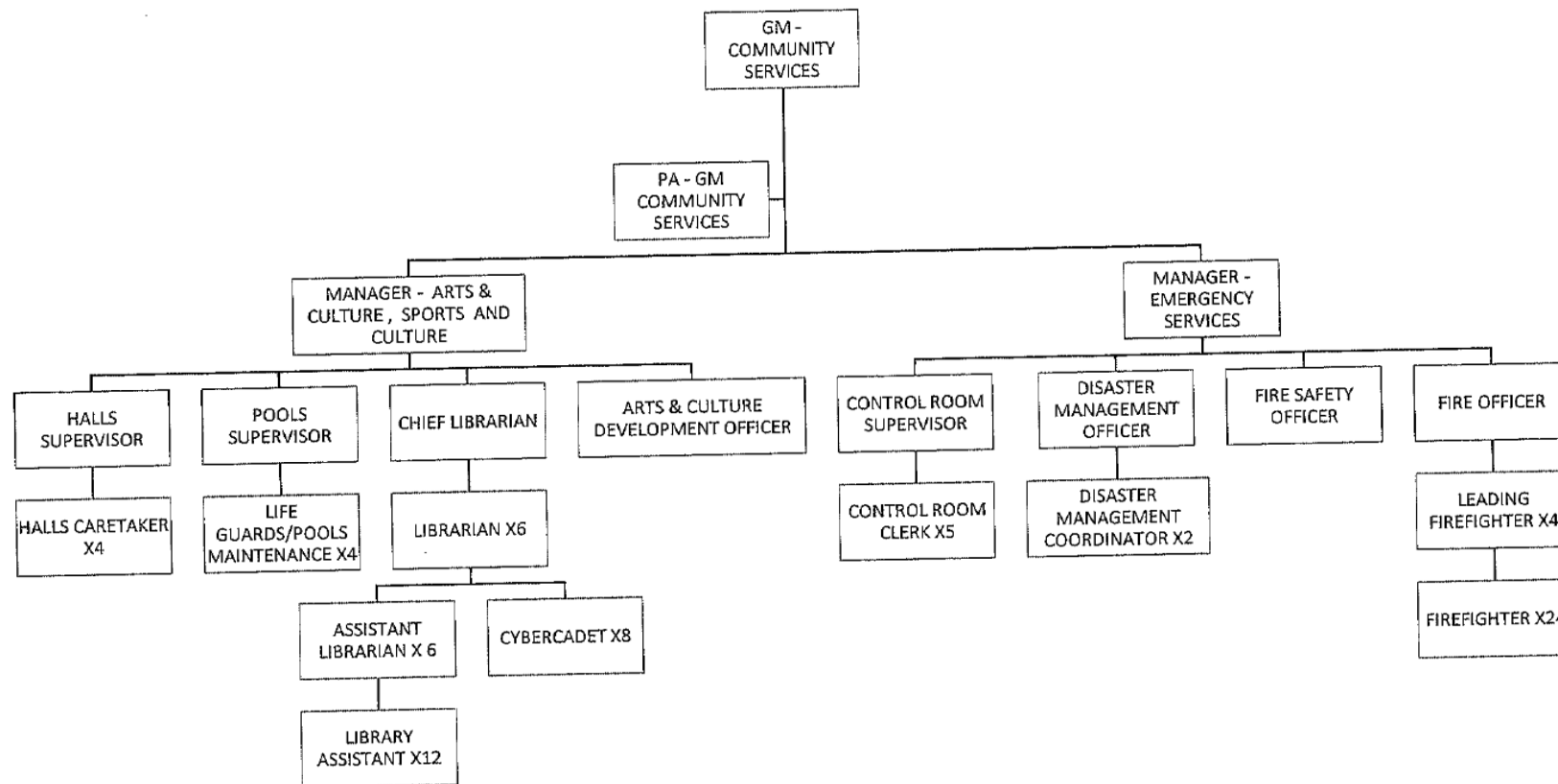
12/06/19

Posts: 190

Positions: 527

16

COMMUNITY SERVICES DEPARTMENT



Council Resolution no: Adoption (13.6) C04/07/2018

Noting of amendments: (13.8) C30/05/2019

Signed by:

Administrator: (Vilakazi D)

Municipal Manager: (Mkhize PS)

Honourable Mayor: (Mbele JM)

Date:

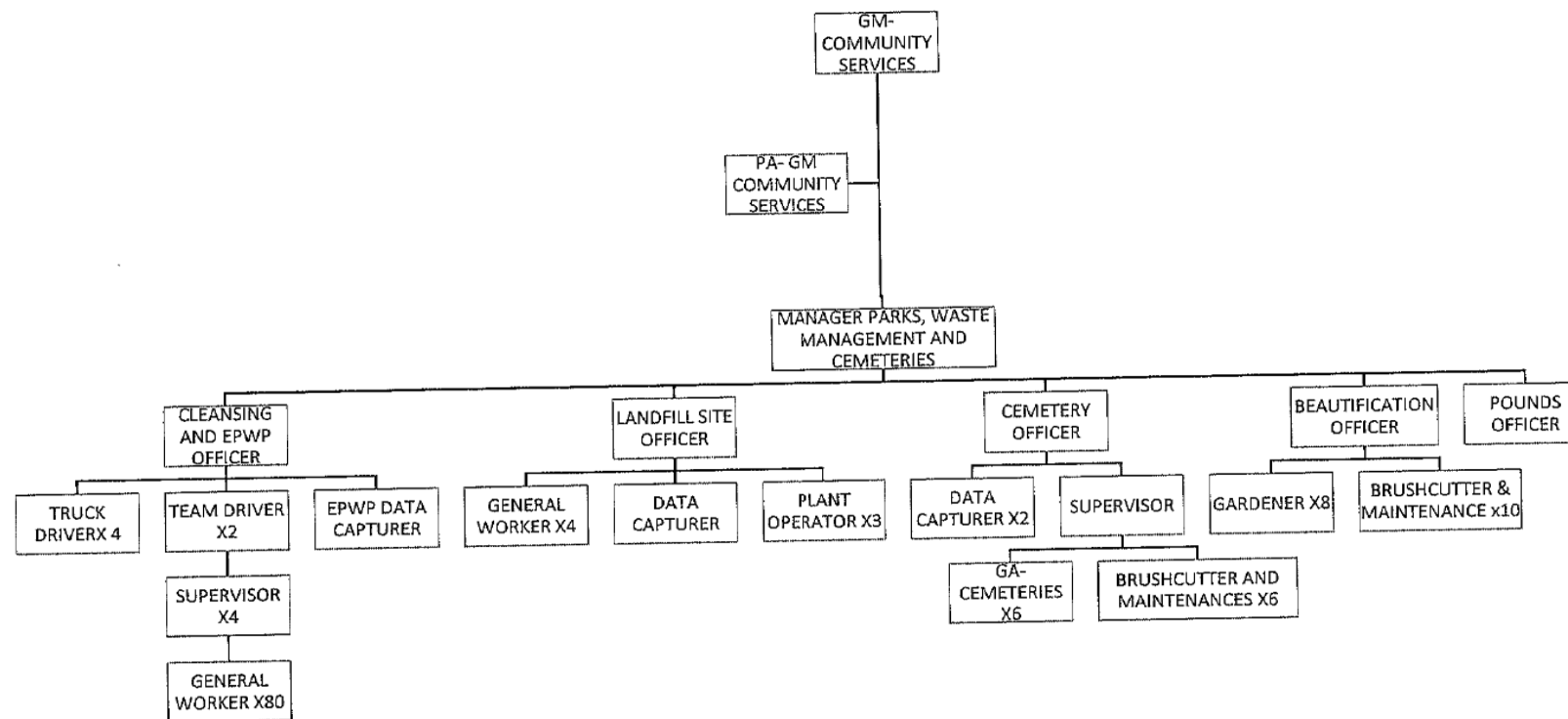
Date:

Date:

Posts: 190

Positions: 527

17



Council Resolution no: Adoption (13.6) C04/07/2018
 Noting of amendments: (13.8) C30/05/2019
 Signed by:
 Administrator: (Vilakazi D) _____
 Municipal Manager: (Mkhize PS) _____
 Honourable Mayor: (Mbele JM) _____

Date: 11/06/2019
 Date: 14/06/2019
 Date: 12/06/19

Posts: 190
 Positions: 527

19

DEVELOPMENT PLANNING

ECONOMIC DEVELOPMENT

PURPOSE:

1. Economic Planning
2. Agriculture both Plant and Stock
3. SMME's
4. Manufacturing

HUMAN SETTLEMENTS

PURPOSE:

1. Human settlement planning
2. Housing development project management
3. Housing beneficiary identification and allocation

TOWN PLANNING

PURPOSE:

DEVELOPMENT CONTROL

1. Development Control Which Includes Building Control & Business Licensing
2. Environmental Impact Assessment

SPATIAL PLANNING

1. GIS
2. Licensing
3. Land Use Management

Council Resolution no: Adoption (13.6) C04/07/2018

Noting of amendments: (13.8) C30/05/2019

Signed by:

Administrator: (Vilakazi D)

Municipal Manager: (Mkhize PS)

Honourable Mayor: (Mbele JM)

Date:

Date:

Date:

14/06/2019

14/06/2019

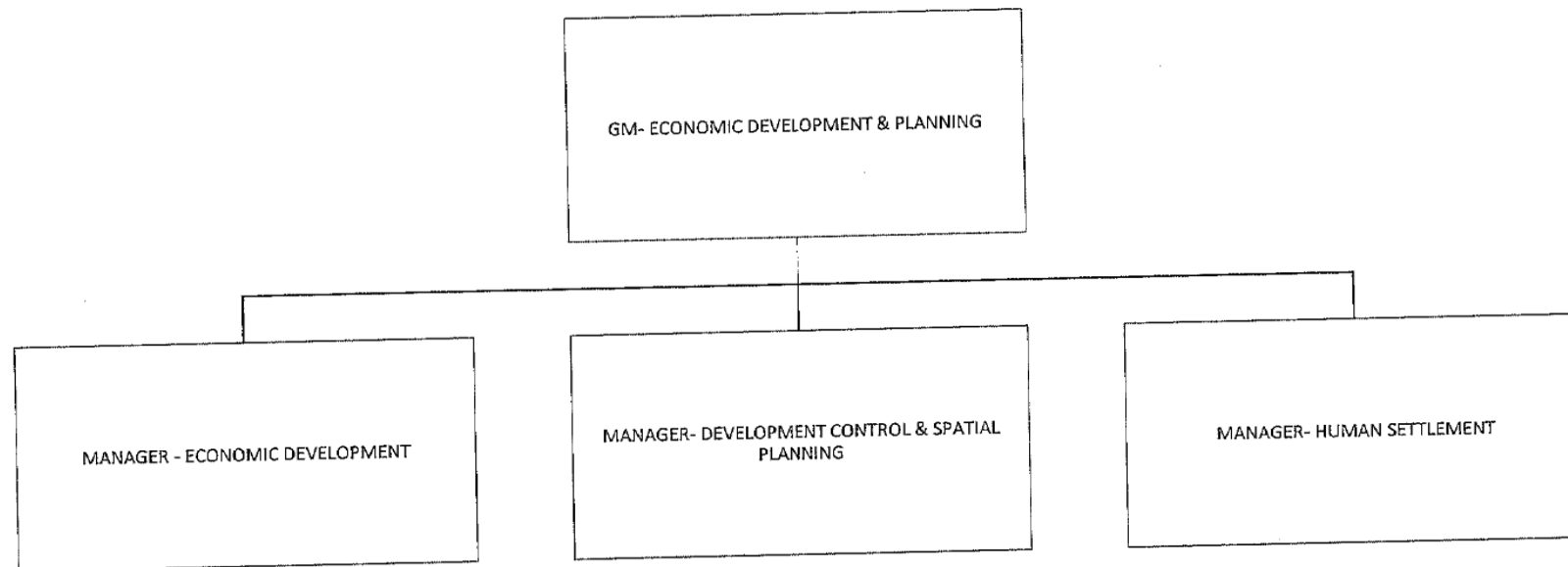
12/06/19

Posts: 190

Positions: 527

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ECONOMIC DEVELOPMENT AND PLANNING SERVICES



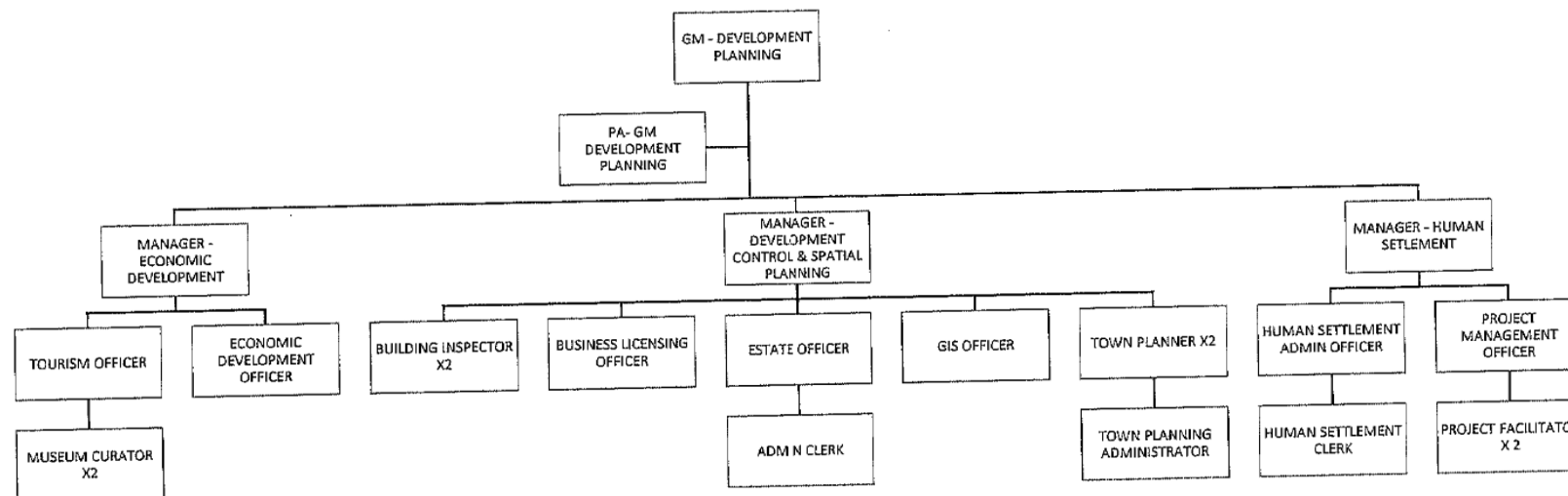
Council Resolution no: Adoption (13.6) C04/07/2018
Noting of amendments: (13.8) C30/05/2019
Signed by:
Administrator: (Vilakazi D) _____
Municipal Manager: (Mkhize PS) _____
Honourable Mayor: (Mbele JM) _____

Date: 11/06/2019
Date: 14/06/2019
Date: 21/06/19

Posts: 190
Positions: 527

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DEVELOPMENT AND PLANNING SERVICES



Council Resolution no: Adoption (13.6) C04/07/2018

Noting of amendments: (13.8) C30/05/2019

Signed by:

Administrator: (Vilakazi D)

Municipal Manager: (Mkhize PS)

Honourable Mayor: (Mbele JM)

Date:

11/06/2019

14/06/2019

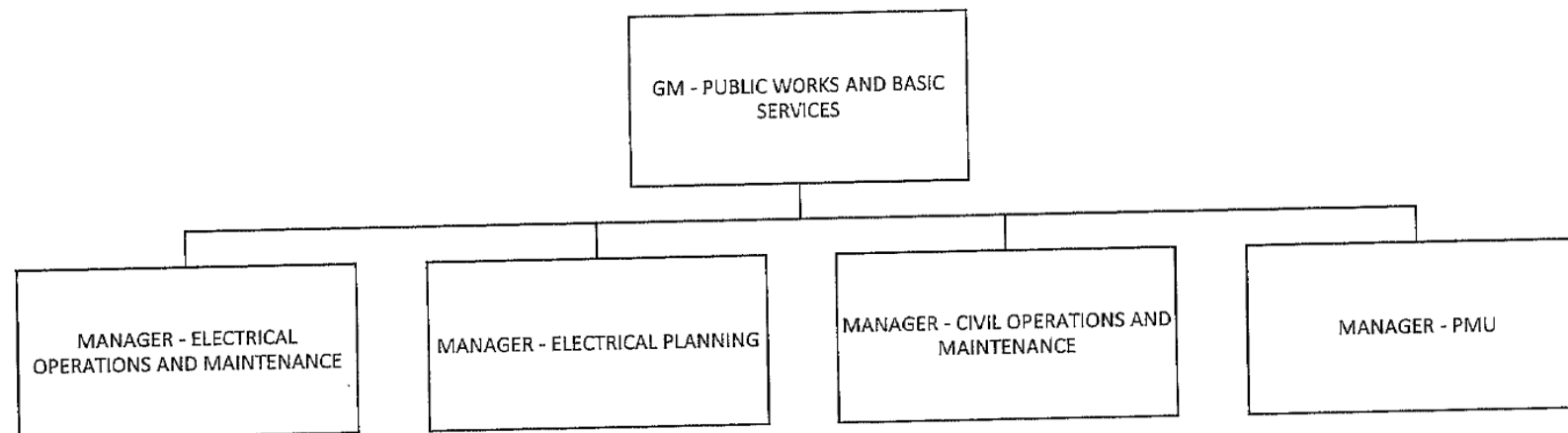
12/06/19

Posts: 190

Positions: 527

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PUBLIC WORKS AND BASIC SERVICES



Council Resolution no: Adoption (13.6) C04/07/2018

Noting of amendments: (13.8) C30/05/2019

Signed by:

Administrator: (Vilakazi D) *[Signature]*

Municipal Manager: (Mkhize PS) *[Signature]*

Honourable Mayor: (Mbele JM) *[Signature]*

Date:

14/06/2019

Date:

14/06/2019

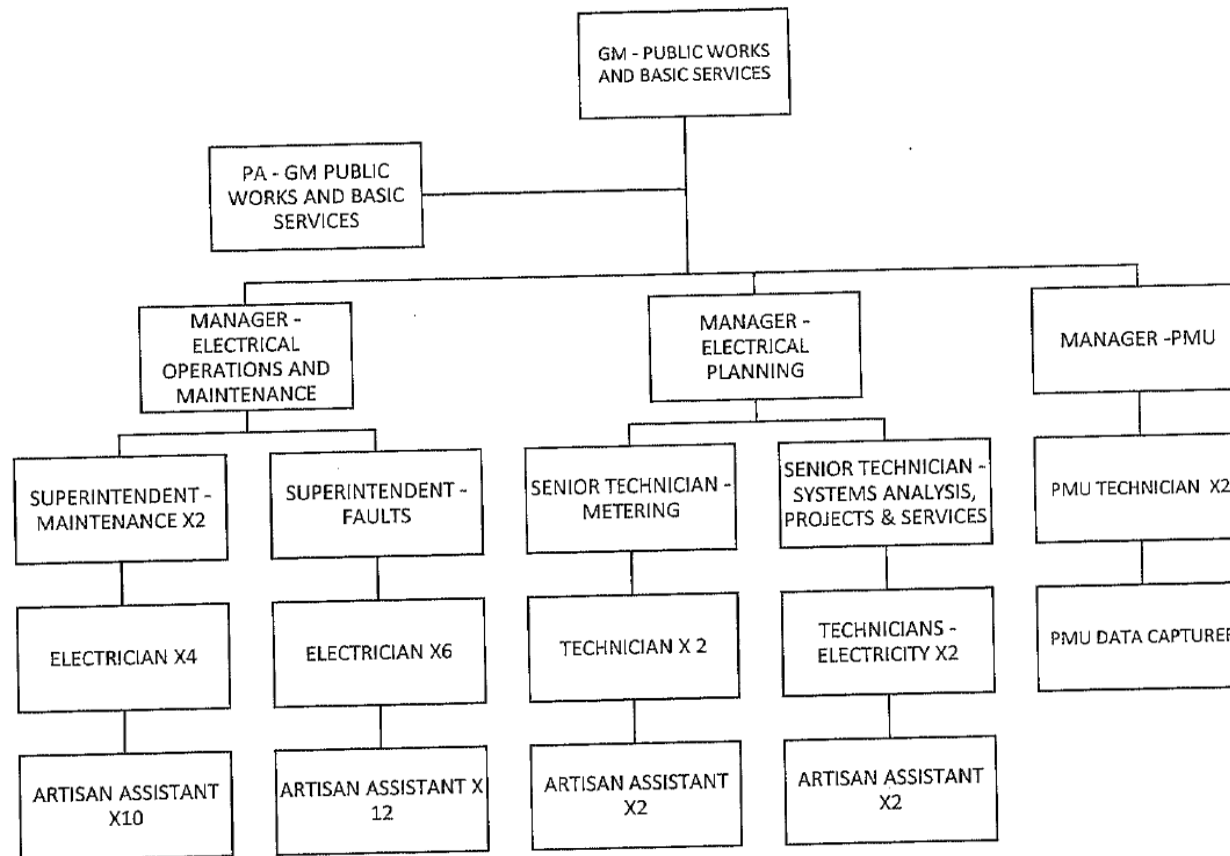
Date:

12/06/19

Posts: 190

Positions: 527

23



Council Resolution no: Adoption (13.6) C04/07/2018

Noting of amendments: (13.8) C30/05/2019

Signed by:

Administrator: (Vilakazi D) _____

Municipal Manager: (Mkhize PS) _____

Honourable Mayor: (Mbele JM) _____

Date: 11/06/2019

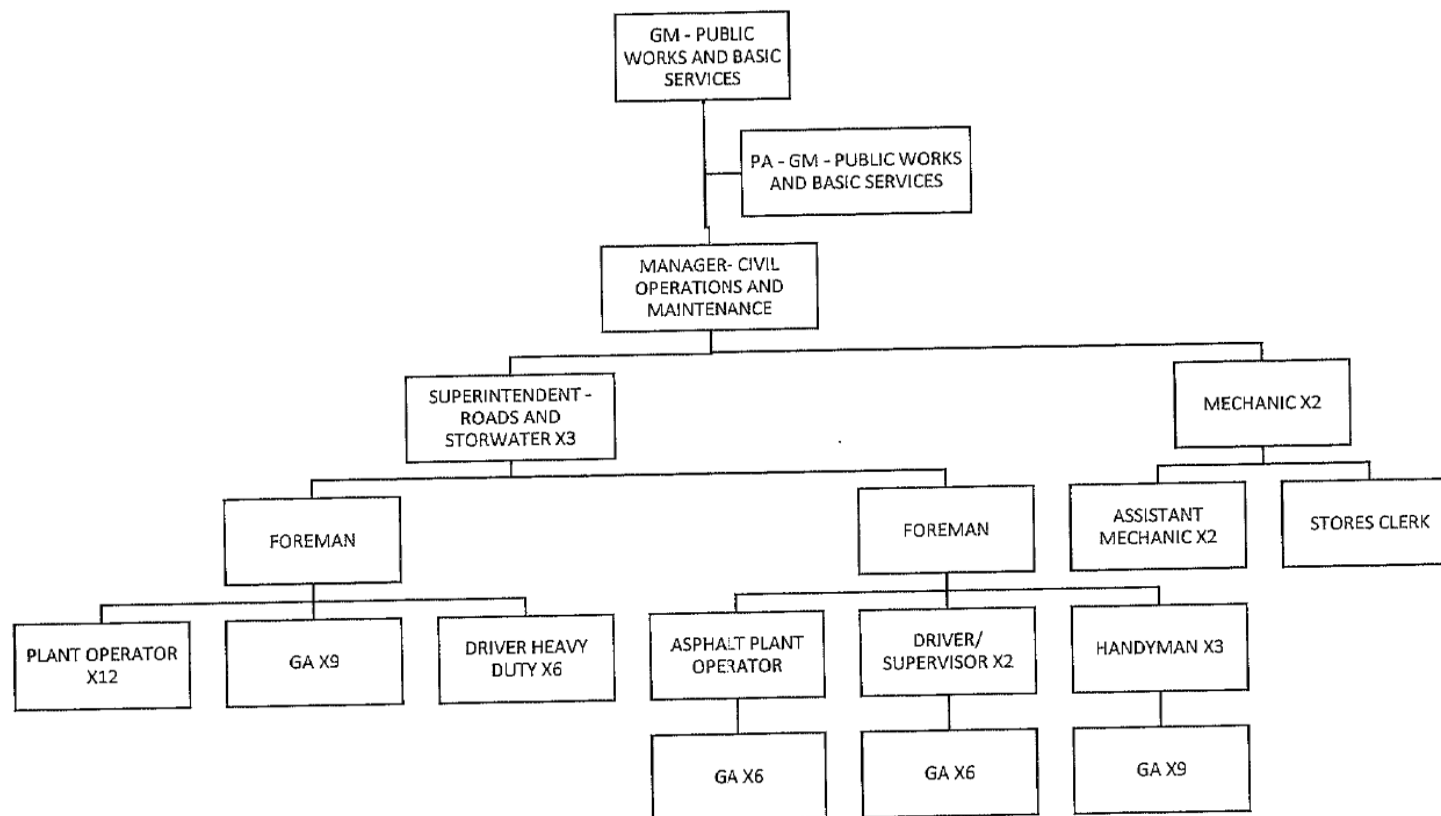
Date: 14/06/2019

Date: 12/06/19

Posts: 190

Positions: 527

24



Council Resolution no: Adoption (13.6) C04/07/2018

Noting of amendments: (13.8) C30/05/2019

Signed by:

Administrator: (Vilakazi D)

Municipal Manager: (Mkhize PS)

Honourable Mayor: (Mbele JM)

Date:

Date: 14/06/2019

Date: 12/06/19

Posts: 190

Positions: 527

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PUBLIC WORKS AND BASIC SERVICES

ELECTRICAL SERVICES

1. Operations and Maintenance is responsible for:

- 1.1. Fault maintenance
- 1.2. Sub-station maintenance
- 1.3. Street lights maintenance
- 1.4. New connections
- 1.5. Service connections
- 1.6. Robot maintenance
- 1.7. Switching
- 1.8. Meter Temper Checks

2. Planning which is responsible for :

- 2.1. Metering
- 2.2. Systems analysis
- 2.3. Custome upgrade
- 2.4. Capital projects

Municipal Manager: (Mkhize PS)
Honourable Mayor: (Mbele JM)

CIVIL

1. Operations and Maintenance responsible for:

- 1.1. Roads and Storwater management
- 1.2. Buildings electrical services
- 1.3. Auto Mechanics

2. Project Management Unit responsible for:

- 2.1. Project management of roads, bridges and structures
- 2.2 Overall civil project planning

PROJECT CONTROL

Responsible for:

- 1.1. Grant expenditure
- 1.2. Rollover
- 1.3. Grant expenditure
- 1.4. Receiving
- 1.5. Reconciliation

6) C04/0
/2019

Date: 11/06/2019
Date: 14/06/2019
Date: 13/06/19

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Political Structure

The Municipal Council of Inkosi Langalibalele Local Municipality is mandated by the Constitution to exercise both the executive and legislative authority. The legislative body of the council consists of fourthly six (46) councillors and a system of governance of the municipality is by way of committee structures which report to the full council.

The Municipal Council has delegated some of its executive authority to an Executive Committee which is composed of nine (9) councillors and is chaired by the Mayor. It has further established Section 80 Portfolio Committees to assist the Executive Committee, as well as Section 79 Committees which report directly to the council and support the council in carrying out its duties.

The Section 80 Portfolio Committees are aligned to the organisational structure of the municipality as they play an oversight role over each department. There are five (5) Portfolio Committees, all of whom are chaired by members of the Executive Committee; namely:

- Budget and Treasury Portfolio Committee which is chaired by **Cllr J. Mbhele**
- Corporate Services Portfolio Committee which is chaired by **Cllr M.B.A Khanyile**
- Community Services Portfolio Committee which is chaired by **Cllr B.P. Mlotshwa**
- Public Works and Basic Services Portfolio Committee which is chaired by **Cllr E. Lite**
- Planning Development Portfolio Committee which is chaired by **Cllr B.A. Dlamini**

The section 79 Committees are:

- Municipal Public Accounts Committee which is chaired by **Cllr S. Ndumo**

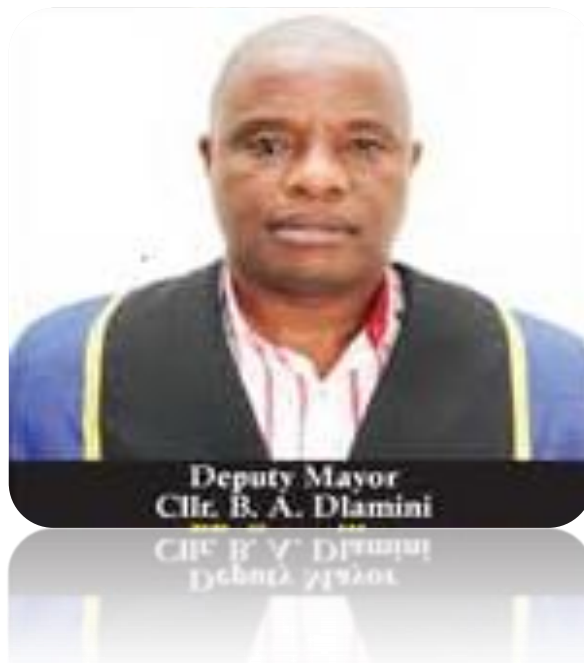
Then there is an Office of the Chief Whip Which is **Cllr N. E. Mazibuko**

Council, Exco and Committees Office Bearers



HOUNARABLE MAYOR
(Councillor J.M. Mbhele)

Her Worship, the Mayor performs functions assigned to her in terms of Section 49 of the Municipal Structures Act No. 117 of 1998, Chapter 7 of the Municipal Finance Management Act No. 56 of 2003, as well as attending to all ceremonial duties. The Mayor is the Chairperson of the Executive Committee and the Chairperson of Budget and Treasury Portfolio Committee



DEPUTY MAYOR
(Councillor B.A. Dlamini)

The Deputy Mayor performs all functions delegated to him by the Mayor and is the chairperson of the Planning Development Portfolio Committee



SPEAKER

(Councillor S.A. Mdakane)

The Speaker is the Chairperson of the council and performs all duties assigned to him in terms of Section 37 of the Municipal Structures Act and those delegated to him by Council

EXECUTIVE COMMITTEE

The Committee is comprises of 9 members namely: Cllr J.M. Mbhele
Cllr B.A. Dlamini
Cllr M.D. Mazibuko
Cllr E.M. Majola
Cllr X. Mokadi
Cllr E. Lite
Cllr B.P. Mlotshwa
Cllr M.B.A Khanyile
Cllr M.C. Mkhize

The Executive Committee performs functions assigned to it in terms of Section 44 of the Municipal Structures Act.

The Executive Committee's gender representation consisting of 5 males and 4 females. Its proportional representation is comprised of 4 ANC councillors, 4 IFP councillors and 1 Al-Jama councillor.

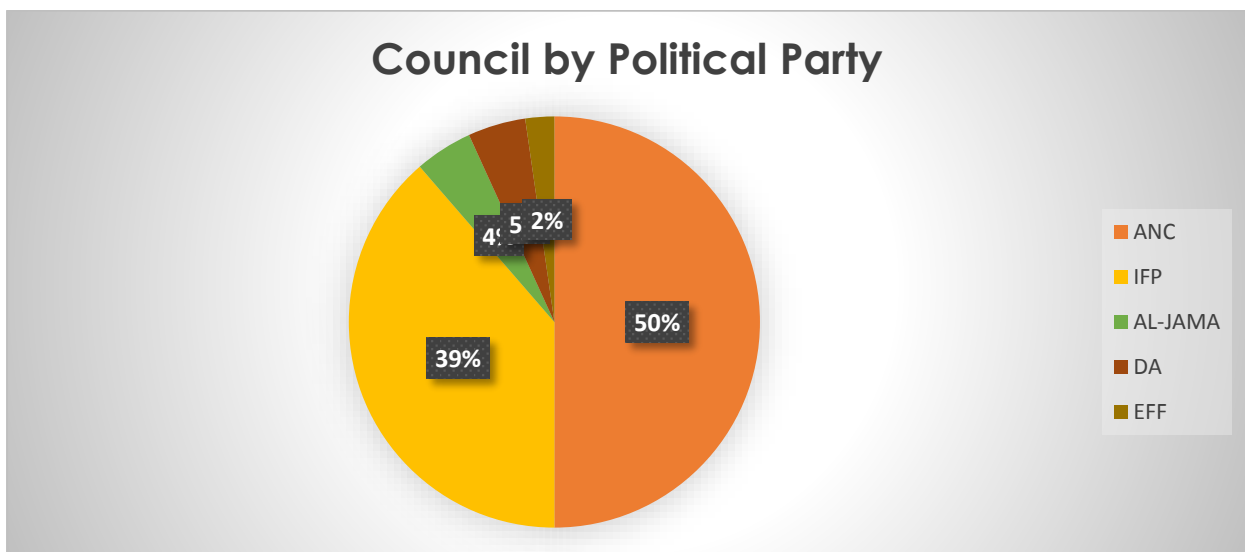
LIST OF COUNCILLORS

Inkosi Langalibalele Municipal Council is made up of 46 Councillors. There are twenty three (23) Ward Councillors and 23 Proportional Representation Councillors. The party representation in the Council is 23 representing the African National Congress, 18 representing the Inkatha Freedom Party, 2 Al-Jama Party, 2 Democratic Alliance and 1 representing the Economic Freedom Fighter.

NO.	NAME AND SURNAME	POLITICAL PARTY	WARD OR PROPORTIONAL	GENDER
1.	Cllr P.P. Mgaga	ANC	01	Female
2.	Cllr N.F. Dlangalala	ANC	02	Male
3.	Cllr B.N. Mpembe	ANC	03	Male
4.	Cllr S.A. Mdakane	ANC	04	Male
5.	Cllr S.E Mbongwa	ANC	05	Male
6.	Cllr E.S. Ndumo	ANC	06	Male
7.	Cllr T.M. Mvelase	IFP	07	Male
8.	Cllr B.T. Mngadi	ANC	08	Male
9.	Cllr B.S. Dladla	ANC	09	Male
10.	Cllr E. Lite	ANC	10	Female
11.	Cllr B.E. Nkala	IFP	11	Male
12.	Cllr S.B. Zondi	IFP	12	Male
13.	Cllr L.M. Mlaba	IFP	13	Male
14.	Cllr S.P. Vilakazi	IFP	14	Male
15.	Cllr T.P. Dubazane	IFP	15	Male
16.	Cllr M.C. Mkhize	IFP	16	Male
17.	Cllr N. Mvelase	ANC	17	Male
18.	Cllr S.V. Ndwandwe	ANC	18	Male
19.	Cllr S.N. Mchunu	IFP	19	Male
20.	Cllr M.M Mncube	IFP	20	Male
21.	Cllr B. Dhladla	IFP	21	Male
22.	Cllr L.M. Mvelase	IFP	22	Male
23.	Cllr P.B. Mngadi	ANC	23	Male
24.	Cllr J.M. Mbhele	ANC	Proportional	Female
25.	Cllr B.A Dlamini	AL-JAMA	Proportional	Male
26.	Cllr M.D. Mazibuko	IFP	Proportional	Male
27.	Cllr E.M. Majola	IFP	Proportional	Male
28.	Cllr X. Mokadi	IFP	Proportional	Female
29.	Cllr G.E. Mbhele	IFP	Proportional	Female
30.	Cllr S.W. Khumalo	IFP	Proportional	Male
31.	Cllr K.A. Vilakazi	IFP	Proportional	Male
32.	Cllr M.A Zulu	IFP	Proportional	Male
33.	Cllr N.E. Mazibuko	ANC	Proportional	Male
34.	Cllr M.B.A. Khanyile	ANC	Proportional	Male
35.	Cllr B.P Mlotshwa	ANC	Proportional	Male
36.	Cllr W.M. Luthuli	AL-JAMA	Proportional	Female
37.	Cllr S.F. Khumalo	ANC	Proportional	Female

38.	Cllr Y.N. Dlamini	ANC	Proportional	Female
39.	Cllr U. Chetty	DA	Proportional	Male
40.	Cllr M.M. Nkala	DA	Proportional	Male
41.	Cllr N.E. Sithole	EFF	Proportional	Male
42.	Cllr N.M. Hlongwane	ANC	Proportional	Female
43.	Cllr T.O. Shandu	ANC	Proportional	Female
44.	Cllr S.S. Mzimela	ANC	Proportional	Male
45.	Cllr Z.P. Sikhosana	ANC	Proportional	Female
46.	Cllr S.M. Mbele	ANC	Proportional	Male

Council by Political Party



Council meetings

The Council adopted a calendar of meeting with 4 ordinary council meetings for the year under review. This target was achieved 10 council meetings were held.

As a result of the regular sitting of Council, Inkosi Langalibalele succeeded in complying with legislation through:

Executive Committee Meetings 2018/2019

TARGET	ACTUAL
12 Meetings	10 Meetings

Council Meetings 2018/2019

TARGET	ACTUAL
04 Meetings	10 Meetings

Portfolio Committee Meetings 2018/2019

Portfolio Committees are chaired by the Executive Members these are the portfolio Committees:

PORTFOLIO COMMITTEES
Budget and Treasury Portfolio Committee
Corporate Services Portfolio Committee
Community Services Portfolio Committee
Public Works and Basic Services Portfolio Committee
Development Planning Portfolio Committee

Decision making

Council meetings began to stabilize and decisions taken from thereon have been implemented accordingly. The system of governance is being solidified through matters being discussed firstly by portfolio committees, before these are submitted to the Executive Committee. All matters that are tabled before the Municipal Council for approval or adoption come from the Executive Committee. The Standing Rules and Orders, having been promulgated into a Bylaw, is implemented and delegations and terms of reference of all council structures have been adopted by council to further strengthen the oversight role of councillors on the executive and the administration.

Though there had been disagreements on certain issues being debated in council, however there is consensus on the majority of issues and very few matters of substantial importance are deferred.

8 Traditional Authorities located under Inkosi Langalibalele Local Municipality namely:

- Abambo Traditional Authority
- Amangwe Traditional Authority
- AmaHlubi Traditional Authority
- AmaChunu Traditional Authority
- Dlamini Traditional Authority
- Mabaso Traditional Authority
- Mhlungwini Traditional Authority
- Nkwanyana Traditional Authority
- Abathembu Traditional Authority

Traditional Authorities that participate in the Council Meeting are:

- Inkosi Mkhize
- Inkosi Mazibuko
- Inkosi Nkwanyana
- Inkosi Dlamini

Component B: Intergovernmental Relations

Intergovernmental Relations

Section 3 of the Municipal Systems Act, Act 32 of 2000 requires municipalities to exercise their executive and legislative authority within the constitutional system of co-operative governance envisaged in section 41 of the Constitution.

The Municipality strives to participate in as many of the available structures and forums as possible, but our challenge is that the various structures meet on the same dates and our personnel structure does not allow for dedicated personnel to attend all the forums and meetings. The Municipality participates in Provincial and District Intergovernmental forums and structures

Participation on Provincial and Intergovernmental Structures

Directorate	Structures & Forums
Councillors, Mayor and executive Committee Members	- Mayoral Forum - SALGA KZN Committee - o Governance, Intergovernmental and International Relations - o Human Resources - o Municipal Services and Infrastructure - o Economic Development and Planning - o Social Development, Public Safety and Health - o Municipal Finance and Corporate Administration -IGR Committee -Speakers Forum

Participating on District Intergovernmental Structures

Forum	Inkosi Langalibalele Representative
Mayor's Forum	The Honourable Mayor Cllr J.M. Mbhele

Speaker's Forum	The Honourable Speaker, Cllr S.A. Mdakane
Municipal Manager's Forum	Mr. P.S. Mkhize
CFO's Forum	Mr. S.P. Radebe
Technical & Infrastructure Development Forum	Mrs S.R. Zwane
Planners Forum	Town Planners
Corporate Services Forum	Mr. H.B. Chooto
Community Services Forum	Ms. Z.M Ndlela

Component C: Public Accountability and Participation

The Constitution (Section 152) sets out the objects of local government, one of which is the provision of democratic and accountable government to local communities. This is reiterated by Section 15 (b) of the Municipal Systems Act which requires a municipality to establish and organise its administration to facilitate a culture of accountability amongst its staff.

A second constitutional objective is the encouragement of local communities and community organisations in the matters of local government. This is reiterated by the Chapter 4 of the Municipal Systems Act, Act 32 of 2000 which deals exclusively with community participation. A Municipality is required to develop a culture of community participation and develop a system of participatory municipal governance that compliments formal representative governance. The municipality is also required to supply its community with information concerning municipal governance, management and development.

Public participation is defined as an open, accountable process through which individuals and groups within selected communities can exchange views and influence decision-making. It is further defined as a democratic process of engaging people, deciding, planning, and playing an active part in the development and operation of services that affect their lives. The Municipality's primary public participation mechanisms are its Ward Committees and public meetings.

The Municipality's biggest challenge lies in improving the participation of its community in all aspects of municipal governance.

➤ Public Meetings

Notice of meetings entailed a combination of the following methods depending on the communication preferences of the Ward:

- Newspaper Adverts (Estcourt and Midlands News, and Ilanga)
- Municipal Notice Boards

➤ Municipal website

Public meetings for the year under review are sitting regularly even though not in all wards. The responsibility to call or convene the committee still lies with the ward councillor concerned and Inkosi. Furthermore, the level of attendance by the public in Council meetings and business is still remains a challenge due to a variety of reasons which may inter alia include publicity and communication between community and the councillors.

No.	Ward Councillor	Ward	Number of Meetings
1.	Cllr P.P. Mgaga	Ward 1	07
2.	Cllr N.F. Dlangalala	Ward 2	07
3.	Cllr B.N. Mpembe	Ward 3	10
4.	Cllr S.A. Mdakane	Ward 4	05
5.	Cllr S.E Mbongwa	Ward 5	12
6.	Cllr E.S. Ndumo	Ward 6	26
7.	Cllr T.M. Mvelase	Ward 7	10
8.	Cllr B.T. Mngadi	Ward 8	06
9.	Cllr B.S. Dladla	Ward 9	04
10.	Cllr E. Lite	Ward 10	07
11.	Cllr B.E. Nkala	Ward 11	08
12.	Cllr S.B. Zondi	Ward 12	09
13.	Cllr L.M. Mlaba	Ward 13	06
14.	Cllr S.P. Vilakazi	Ward 14	06
15.	Cllr T.P. Dubazane	Ward 15	07
16.	Cllr M.C. Mkhize	Ward 16	11
17.	Cllr N. Mvelase	Ward 17	04
18.	Cllr S.V. Ndwandwe	Ward 18	09
19.	Cllr S.N. Mchunu	Ward 19	07
20.	Cllr M.M Mncube	Ward 20	05
21.	Cllr B. Dhladla	Ward 21	06
22.	Cllr L.M. Mvelase	Ward 22	08
23.	Cllr P.B. Mngadi	Ward 23	03

Ward Committees

Ward Committees are statutory committees established in terms of Part 4 of Chapter 4 of the Local Government Municipal Structures Act, Act 117 of 1998. Ward committees play a vital role in bridging the gap between the Community and the Municipality. Ward Committees are not political but are nevertheless elected for a period of five years that runs concurrently with the term of office of the Municipal Council.

The Ward Committees were functional during 2018/2019 Financial Year. All ward committees have since been sworn in, trained and now their full functionality.

No.	Ward Councillor	Ward	Number of Meetings
1.	Cllr P.P. Mgaga	Ward 1	12
2.	Cllr N.F. Dlangalala	Ward 2	12
3.	Cllr B.N. Mpembe	Ward 3	12
4.	Cllr S.A. Mdakane	Ward 4	12
5.	Cllr S.E Mbongwa	Ward 5	12
6.	Cllr E.S. Ndumo	Ward 6	12
7.	Cllr T.M. Mvelase	Ward 7	12
8.	Cllr B.T. Mngadi	Ward 8	12
9.	Cllr B.S. Dladla	Ward 9	12
10.	Cllr E. Lite	Ward 10	12
11.	Cllr B.E. Nkala	Ward 11	12
12.	Cllr S.B. Zondi	Ward 12	12
13.	Cllr L.M. Mlaba	Ward 13	12
14.	Cllr S.P. Vilakazi	Ward 14	12
15.	Cllr T.P. Dubazane	Ward 15	12
16.	Cllr M.C. Mkhize	Ward 16	12
17.	Cllr N. Mvelase	Ward 17	12
18.	Cllr S.V. Ndwandwe	Ward 18	12
19.	Cllr S.N. Mchunu	Ward 19	12
20.	Cllr M.M Mncube	Ward 20	12
21.	Cllr B. Dhladla	Ward 21	12
22.	Cllr L.M. Mvelase	Ward 22	12
23.	Cllr P.B. Mngadi	Ward 23	12

IDP Participation and Alignment

IDP Participation and Alignment Criteria	Yes/No
Does the municipality have impact, outcome, input, output indicators?	Yes
Does the IDP have priorities, objectives, KPIs, development strategies?	Yes
Does the IDP have multi-year targets?	Yes
Are the above aligned and can they calculate into a score?	Yes
Does the budget align directly to the KPIs in the IDP?	Yes
Do the IDP KPIs align to the Section 57 Managers	Yes

Do the IDP KPIs lead to functional area KPIs as per the SDBIP?	Yes
Were the indicators communicated to the public?	Yes
Were the four quarter aligned reports submitted within stipulated time frames?	Yes

Component D: Corporate Governance

Internal Auditing

The Municipality has an Internal Audit Unit as required by Section 165(1) of the MFMA. The Internal Audit Unit comprises of Internal Auditor and Risk Management and co-sourced assistance from KPMG Auditors.

Section 165 (2) of the MFMA requires the Internal Audit Function to;

- a) "prepare a risk-based audit plan and an internal audit program for each financial year;
- b) advise the accounting officer and report to the audit committee on the implementation of the internal audit plan and matters relating to -
 - internal audit;
 - internal controls;
 - accounting procedures and practices;
 - risk and risk management;
 - performance management;
 - loss control; and
- c) perform such other duties as may be assigned to it by the accounting officer".

All the reports have been submitted to the Performance/Audit Committee and to Municipal Manager to ensure that at every engagement with the reports of Internal Audit as submitted, they give direction to the municipality and to themselves. The purpose of submitting Internal Audit Report to the Performance/Audit Committee is not just for noting but to ensure that the committee makes a significant dent in the system of internal control. The Performance/Audit Committee should satisfy itself that the reports are comprehensively addressing all the intricate aspects of the area that was audited and also to study the responses or seek answers from the management on the findings of the internal auditors.

Risk Management

Corporate Governance is the set of processes, practices, policies, laws and relationships affecting the way an institution is directed, administered or controlled.

Whilst every employee in the municipality is responsible for managing risks in their individual competency of the Council business, some officials have additional responsibilities within their area of operations. Risk management issues are governed by the developed Risk Management Policy which Council had approved in the past financial year and been reviewed this year. This policy is driven by the Municipal Manager and managed by the Audit Committee.

Issues of risk management are the responsibility of the Accounting Officer which he delegates to the Risk Committee, which was appointed last financial year which comprises of the senior Management and middle management. This committee has since been a difficult structure which fails to function appropriately, some of these reasons encompass issues of no quorum.

Anti-Corruption and Fraud

The risk of fraud and corruption is one of the Municipality's top strategic risk areas. The Municipality implemented its anti-corruption strategies, and fraud prevention plan which include organization-wide anti-corruption and anti-fraud interventions; as well as a whistle-blowing mechanism and fraud awareness workshops.

Inkosi Langalibalele Local Municipality (ILM) has a Fraud and Anti-Corruption Policy in place and the objective of the current policy is to develop and foster a climate within the Municipality where all employees strive for the ultimate eradication of fraud, corruption, theft and maladministration by means of the application of the full spectrum of all proactive measures at their disposal. This policy also sets down the stance of the ILM on fraud as well as reinforcing existing regulations aimed at preventing, reacting to, and reducing the impact of fraud, corruption, theft and maladministration where these dishonest acts subsist.

By-Laws

Municipal By-laws are public regulatory laws which apply in the Municipal Area. Section 11(3) (m) of the Local Government Municipal Systems Act, Act 32 of 2000 empowers the Municipal Council with the legislative authority to pass and enforce Municipal By-laws. A Municipal Council may only pass By-laws on matters falling within its functional mandate. By-laws are superseded by Provincial and National legislation as well as the Constitution.

The main difference between a By-law and a law passed by National and Provincial Government is that a By-law is made by a non-sovereign body, which

derives its authority from another governing body, and which can only be made in respect of specific matters within a specific geographic area. It is therefore a form of delegated legislation.

The status of a Municipal By-law is no different than to the status of any other law of the land. Municipal by-laws are enforceable through the public justice system, penalties can be imposed and offenders can be charged with a criminal offence for breach of a by-law.

The Municipality is still in progress of developing other By-laws that are required in the municipality.

The Municipal Website

The Local Government Municipal Systems Act, Act 32 of 2000 (Section 21(B)) requires the Municipality to establish an official website. The Inkosi Langalibalele still in a process of establishing its Municipal website as it is the new municipality the municipal website will be fully functional in the next financial year. The Municipality is still using www.umshezi.co.za

CHAPTER 3: SERVICE DELIVERY PERFORMANCE

This Chapter provides an overview of the Service Delivery performance of the Municipality for the 2018/19 financial year, and includes Basic Service Delivery, Electricity, Roads Transport, Planning and Development and Community and Social Services

The Chapter concludes with the Municipality's Annual Performance Report which was compiled in terms of Section 46 of the Municipal Systems Act, Act 32 of 2000. It sets out the Key Performance Indicators (KPI), targets and actual performance of the Municipality in relation to the Key Performance Areas (KPA) of local government and the strategic objectives of the Municipality as set out in the Integrated Development Plan (IDP).

Component A: Basic Service Delivery

The 2018/2019 financial year saw with it several infrastructure development projects funded through the government's largest local government infrastructure development funding: the Municipal Infrastructure Grant (MIG).

MIG Programme Objective:

In the context of the principles outlined above, the key objectives of the Municipal Infrastructure Grant are to:

- Fully subsidise the capital costs of providing basic services to poor households: this implies that priority must be given to meeting the basic infrastructure needs of poor households, through the provision of appropriate bulk, connector and internal infrastructure in key services;
- Distribute funding for municipal infrastructure in an equitable, transparent and efficient manner, which supports a co-ordinated approach to local development and maximises developmental outcomes;
- Assist in enhancing the development assist in enhancing the developmental capacity of municipalities, through supporting multi-year planning and budgeting systems; and provide a mechanism for the co-ordinated pursuit of national policy priorities with regard to basic municipal infrastructure programmes, while avoiding the duplication and inefficiency associated with sectoral fragmented grants.

Road Project funded through this grant at Inkosi Langalibalele Local Municipality included:

- Intshana/Moyeni Gravel Road-93% in progress
- Insonge Gravel Road Road – 30% in progress
- Siphokuhle Gravel Road – 34% in progress

Black Top roads are still under the Construction Phase

- Wembezi C-section Black top Road-95% Practical Completion
- Mshayazafe Black Top Road-95% Practical Completion
- Jennings Black Top Road-90% in progress

Four Pedestrian Bridges are still under the construction phase

- Dikwe/ Slimangahle Pedestrian Bridge- 95% in Practical Completion
- Newlands-Loch-sloy Pedestrian Bridge-95% in Practical Completion
- Colita Pedestrian Bridge- 26% in Progress
- Tatane Vehicle Bridge- 5% in Progress

Public Facilities which are still under construction phase

- Msobotsheni Community Hall/Creche Facility- 95% Practical Completion
- Heavyland Creche-95% Practical Completion
- Thembalihle Creche- 95% Practical Completion
- Ezimfeneni Community Hall/Creche Facility- 95% Practical Completion
- Mqedandaba Sportfield- 5% in Progress

Component B: Roads Transport

The Department of Transport is responsible for construction and maintenance of all of Municipality's surfaced roads as well as provincial gravel roads.

Rural access roads require more attention, as they are mostly un-surfaced and hence susceptible to erosion. The Municipality currently does not have storm water control measures for rural areas. Most of the drains for rural roads discharge into watercourses and veld and this contribute to soil erosion.

During financial year 2018/2019 the backlogs were eradicated by implementing and completing the following road projects:

Road Project funded through Municipal Infrastructure Grant

Intshana Moyeni Gravel Road 6, 8 Kms



Insonge Gravel Roads 4 Kms



Siphokuhle Gravel Road 8 Kms



Black Top roads are still under the Construction Phase

Wembezi C-section Black top Road 2 Kms



Colita Jennings Black Top Road 2 Kms



Three Pedestrian Bridges are still under the construction phase

Dikwe/ Slimangahle Pedestrian Bridge



Newlands-Loch-sloy Pedestrian Bridge



Colita Pedestrian Bridge



Public Facilities which are still under construction phase

Msobotsheni Community hall/crèche facility



Haviland Creche





Weenen High Mast



Ward	Project Name	Project Value/ MIG allocation	Project Status	Km's	Expenditure to date
02	Construction of Intshana/Moyeni Gravel Road	R 9 271 722.60	Practical Completion phase	6.8 km	R 8 044 031.53

10	Construction of Colita Jennings Black Top	R 14 043 465.54	Practical Completion phase	2 km	R 12 570 285.46
23	Construction of Mshayazafe Black top	R 11 148 873.39	Practical Completion phase	2 km	R 10 721 289.73
08	Construction of C-Section Black Top	R 10 442 421.72	Practical Completion phase	2 km	R 10 680 312.72
01	Construction of Dikwe/Silimanga mehlo Pedestrian Bridge	R 2 255 408.50	Practical Completion Phase		R 2 129 945.99
15	Construction of Newlands/Ioshloy Pedestrian Bridge	R 2 255 408.50	Practical Completion Phase		R 1 390 777.80
18	Construction of Heaviland Creche	R 1 323 697.87	Practical Completion Phase		R 1 457 074.94
20	Construction of Thembahle Creche	R 1 323 697.87	Practical Completion Phase		R 1 441 931.92
20	Construction of Msobotsheni Community Hall/Creche	R 4 151 811.60	Practical completion phase		R 3 198 036.09
07	Construction of Ezimfeneni Community Hall/Creche	R 3 344 785.23	Practical completion Phase		R 3 242 503.96
20 & 21	Weenen High Mast	R 3 972 200.61	Practical Completion Phase		R 2 225 488.07
16	Construction of Siphokuhle Gravel Road	R 14 344 785.21	Construction phase	8 km	R 2 500 298.00
11	Construction of Insonge Gravel Road	R 6 078 534.79	Construction phase	4 km	R 3 591 543.05
10	Colita Pedestrian Bridge	R 4 800 875.78	Construction phase		R 2 375 632.87
04	Mqedandaba Sportfield	R 5 977 057.60	Construction phase		R 644 387.97
05	Tatane Pedestrian Bridge	R 5 553 283.14	Construction phase		R 620 738.00

HOUSING SECTION

Over the past year we have managed to completed 100 houses in **Mimosadale Phase 2** and also completed all the roads and water reticulation and now finalizing the layout The amended layout was approved by the MPT on 29 April

2019, We are now expecting the bi-lateral for Stage 3 in September 2019. Budget allocated for this is R26m by Dohs.

The **Wembezi A Rectification** project has commenced and we have completed 15 houses which have been handed over. The project is behind programme and will pick up speed in the next financial year.

We have also managed to secure after along a time the Record of Decision for Cornfields Area D has been closed off whilst area A is to be re-advertised as the IA JV has collapsed. Cornfields Area E is having challenges as DEA has requested them to undertake a section 70 of 1970. We are dealing with this challenge.

We have received bi-lateral agreements for the undermentioned projects which have now commenced with construction :-

NAME OF PROJECT	NO OF UNITS
Phangweni	1000(Services)
Lochsloy 1	565
Ngonyameni	300
Shayamoya	500
Mnyangweni	300
Mhlungwini	300

We are busy with Stage 1 close out on the following projects, whereafter we will commence with Stage 2 activities:-

NAME OF PROJECT	NO OF UNITS
Cornfields A and E	1000
Msobetsheni	500
Owl And Elephant	1000

We are still busy with Stage 1 activities on the following projects:-

NAME OF PROJECT	NO OF UNITS
Paapkuilsfontein	1000
Thembalihle A	500
Thembalihle B	500
Nkomkazini	2000

We have appointed four new Implementing Agents who have all submitted their feasibility studies but we are having challenges with certain SCM documents not been available:-

NAME OF PROJECT	NO OF UNITS
Bhekabeziyo/Dutch	2000
Vala/Mandabeni	2000

Mafakeni/Mkalanyoni	2000
Rensburgdrift	1000

Lochsloy 2(461 units) project is been administered by the Department of Human Settlements and they are awaiting for approval from the department to commence with construction whilst doing the Town Planning Studies.

An amount of approximately R19.1million was approved by the Department of Human Settlements for the servicing of **305 sites in Wembezi B Section. The IA has commenced is presently 20% complete. The challenge is the funds were transferred to HAD who are under administration which is causing payment problems. Dohs dealing with the matter as the project is suffering.**

We are also busy with the **Enhanced Extended Discount Benefit** scheme and managed to **transfer 9** houses.

The Department of Human Settlements have appointed their own service provider to manage the **Kwezi Hostel** project and thereafter they will decide the way forward.

CHALLENGES

- SCM documents are posing a serious obstacle in view of the fact that we are now entering into bi-lateral agreements instead of tripartite agreements.
- Disputes in terms of title deeds in Wembezi incorrectly issued.
- The Department wants to replace 30 beneficiaries from the **Mqadendaba** project with 30 Sukuma Sakhe beneficiaries.
- Implementing Agents do not have funding and projects are seriously behind programme.
- NHBCRC enrolment took longer than expected for Stage 2 projects which also delayed commencement.

Component C: Planning and Development

This section is comprises of Local Economic Development, Town Planning, and Human Settlement this includes the implementation the KZN planning and Development Act (Act 6 of 2008)

TOWN PLANNING

Town Planning applications consists of the following categories: New Zones, Development controls & changes thereto, Rezoning & existing use, Repeal of scheme, Special Consent Applications, Relaxations, Subdivision, Consolidation, Township establishment, Development outside scheme, and Removal of restrictions.

The Town Planning Department has received 14 applications with 6 of them approved and 8 still outstanding.

The cause of all the outstanding applications is due to incomplete applications being submitted with missing documents and due to Municipal Planning Tribunal structure not being finalised.

- **INGONYAMA TRUST BOARD APPLICATIONS**

Town Planning Office comments on all Ingonyama Trust Board applications received within this area.

- **PRE-APPLICATIONS ASSESSMENTS**

All town planning related application require a pre-application assessment to assist applicant.

- **INSPECTIONS**

All applications and building plans received require an inspection to be done on site.

- **BUILDING PLANS APPROVAL**

Town Planning Office comments on all building applications received from the building unit.

- **ZONING CERTIFICATES**

There has been 16 zoning certificates requested and issued in the town planning office in the last financial year.

- **TOWN PLANNING BYLAW**

Bylaws were adopted by council and gazetted in the Provincial Gazette dated 27 July 2017.

- **INKOSI LANGALIBALELE SINGLE SCHEME**

The Town planning scheme for the whole municipal jurisdiction is still under development.

GEOGRAPHIC INFORMATION SYSTEM – GIS

Geographic Information System have been involved in the following programmes and projects.

The Inkosi Langalibalele Local Municipality GIS section is tasked with providing all departments within the municipality e.g. Corporate, Finance, Town Planning and Housing, Community Services and Civil, as well as external clients with as

accurate as possible information, it should be noted that although the GIS section holds all data which is generated, it is the responsibility of the data suppliers to ensure accuracy of the data they provide.

- **ESRI SA ANNUAL SOFTWARE MAINTENANCE RENEWAL**

The maintenance and updated for 2018/2019 has been paid in full, that all the GIS technology to be explored to online, buy a number on users but only for viewing and also can be printed without consulting the GIS office. Users can only have access what has been posted by the GIS Technician.

- **GIS POLICY**

The GIS Policy has been formulated to ensure that correct procedures and standards are put in place; such as how the data will be collated, in what way the data will be stored and in what manner the data will be disseminated. It also emphasis that there should be no project be implemented within the municipal area without a spatial point, line or polygon being captured to depict where the project occurs. The GIS office will be responsible for the ensuring that there is a one to one match between the project database and the spatial data. The project managers will need to ensure that the implementing consultants supply the necessary data for capture into the GIS.

The policy has been adopted by the municipal council.

- **GEOGRAPHICAL NAMING AND RENAMING POLICY**

This policy seeks to regulate and standardise the processes associated with the naming and renaming of streets, parks and municipal buildings. In addition to the process, this policy also seeks to inform and influence the types of names that are chosen for various features as well as spell out the procedures that should be followed in the naming and renaming processes.

This policy covers three areas, the naming of unnamed features and the renaming of currently named features and the naming as part of township establishment.

This policy was also adopted by the council.

- **SPATIAL DEVELOPMENT FRAMEWORK AND IDP MAPPING**

GIS only play a representation roll in the SDF activity, and all the Maps should talk the phrasing.

CHALLENGES

- Financial constraint
- The data we are using is very old, e.g. Cadastral data (Land Audit), Aerial photography and municipal properties e.g. Municipal Roads and facilities. These are the main core data that the municipality should maintain as custodian. Due to financial constrain we are unable to complete this task.

COMPONENT D: COMMUNITY AND SOCIAL SERVICES

Introduction

The purpose of this section is to highlight all the activities/events /programmes that have taken place or implemented by Community Services and Special Programs during 2018/19 financial year.

Community Services

This section will cover five (5) components, namely:

- **Municipal Enterprises**
- **Law Enforcement**
- **Cleansing**
- **Emergency Services**
- **Disaster Management**

This annual report will address issues as outlined in the Service Delivery and Budget Implementation Plan (SDBIP) 2018/19. Each section within Community Services Department has a specific objective, strategy and indicator(s) to contribute towards Outcome 9 of National Key Performance areas which is Good Governance and Public Participation as well as other key performance areas.

1. Municipal Enterprises

Introduction

This report serves to present the annual report of Enterprises Section. In so doing it will bring attention some of the issues and challenges facing Enterprises Section.

Sectional profile

The following unit make up the Municipal Enterprises Section.

- (a) Community Halls
- (b) Libraries
- (c) Parks and Gardens, Sports Fields and Cemeteries

(a) Community Halls

- There are Fifty (50) halls within the Inkosi Langalibalele Municipality.
- The staff compliment is as follows:

Enterprises Officer X1
Caretakers x 11
General Assistance x 8

- The halls are in need of maintenance.
- The halls are booked on average of 106 times per month
- Most of the halls are without Chairs and Trestles.
- The stage curtains need replacing at Fordeville, Weenen and Town halls. Cleaning material is required in all halls.
- The halls are utilized mainly for meetings, weddings, funerals, dances, religious meetings and school functions.

Conditions of Halls

NO	Name of Hall	Condition
1	Mhubheni	Fair
2	Bosh Hall and Crèche	Good
3	Kwa Bhekabezayo	Bad
4	Ezinyosini	Fair
5	Kwa Ndaba	New
6	Kwa Dlamini	New
7	Kwa Mkhize	Fair
8	Enhlano Mkhize	New
9	Ntsonga	Fair
10	Mahlutshini	Fair
11	Enhlalakahle Hall	New
12	Dutch Hall	Fair

13	Good Home Comm Hall	Fair	
14	Sobabili Hall	Fair	
15	Mdwebu Hall	Fair	
16	Zwelisha Hall	Fair	
17	Phangweni Hall	Good	
18	Bhekuzulu Hall	Good	
19	Lomode Hall	Fair	
20	Rosedale Hall	Incomplete	
21	Tatane Hall	Fair	
22	Mqendandaba Hall	Fair	
23	Nkomokazini Hall	Bad	
24	Mpophomeni Hall	Fair	
25	Phuthini Hall	Bad	
26	Nkosana Hall	Fair	
27	Nyezane Hall	Fair	
28	Emoyeni Hall	Fair	
29	Forderville Hall	Fair	
30	Town Hall	Fair	
31	Colita Hall	Fair	
32	Paapkuils Hall	Fair	
33	Frere Hall	Fair	
34	Cornfields Hall	Bad	
35	Thembalihle Hall	Bad	
36	Weenen Town Hall	Fair	
37	Mthaniya Hall	Good	
38	Ferdinand Hall (Busane)	Bad	
39	Kwanobamba Hall	Bad	
40	Nkaseni Hall	Bad	
41	Nhlawe Hall	Bad	(Storm damage)

42	Rensbergdrift Hall	Good
44	Mimosadale Old	Demolished
45	Mimosadale Hall	New
46	Mshayasafe Hall	Fair
47	C- Section Hall	Bad
48	Wembezi Multipurpose Hall	Good
49	Kwa Dlamini near Phawa	Demolished
50	Inkomfe	Delapidated



STORM DAMAGE OF NHLAWE HALL

There are two Handymen employed but who are not working as Handymen and to rectify this is awaiting placement process. As a result there is a person seconded from the Municipal Managers Office assisting as a Handymen who reports to the Enterprises Officer. The Handymen have been issued with tools so that they can perform their tasks. Due to budgetary constraints repairs are not done timeously.

RECOMMENDATIONS

- To source funding from Sector Departments

- To appoint Consultants at risk to source funding from National Departments or the Private Sector.

(b) Libraries

There are six libraries namely; Estcourt Central Library, Fordeville Library, Weenen Library, Wembezi Library, Imbabazane Library and Loskop Library

The Staff compliment is made up as follows.

Senior Librarian	x 1
Librarians	x 2
Assistant Librarians	x 10
Cyber cadets	x 4
General Workers	x 3

The staff attended book exchanges regularly during the course of the year.

There was a problem during the year regarding internet connectivity due to the Department of Arts and Culture changing their service provider.

The air conditioners were serviced in all Libraries. Carports have also been constructed in some of the Libraries. Interior and exterior burglar gates have been installed in some libraries. Fumigation was done at all the libraries. The attendance at the library declines during the school holidays.

Library Statistics for 2018/2019 Financial Year

NAME	ADULTS	YOUNG ADULTS	JUVENILES	TOTAL
ESTCOURT	6833	2902	2367	12102
FORDERVILLE	596	146	513	1255
WEMBEZI	2225	1412	2124	5761
WEENEN	364	694	425	1483
IMBABAZANE	119	638	186	943
LOSKOP	433	307	196	936
TOTAL	10 570	6099	5811	22480

(c) Parks and Gardens, Sports Fields and Cemeteries

- There are 17 Parks,
- There are 13 Sports fields
- There are 8 Cemeteries.

- Swimming Pools x 2 (Hilldene and Bert Tucker) (Seasonal)

The staff component for Parks are made up as follows:

Superintendent X1

Horticulturist x1

Recreational Officer x1 and 1 Vacant.

Acting Foreman x 2

Drivers x4

General Assistants x39

The staff in the parks section are moved around between the different facilities to maintain them. The staff are also required to fell overgrown bush and trees, Spray weed killer on pavements and on storm water drains also mark sports fields especially before weekends.

CHALLENGES

The resources are lacking in this section. The department had to maintain all sports fields, parks, cemeteries and swimming pools with one tractor and one Ldv. Field Marking paint was not purchased for the whole year and agreements had to be made with consumers who booked the sports fields that the Department, can assist with cutting and marking and that they supply the paint. Protective clothing and uniforms have not been issued for two years and the staff have been threatening industrial actions.



Tree felling in Drakensview Area



Tree Planting in Drummond Park

CEMETERIES:

- Cemetery berms in Bank road have started with the preparation phase. TLB was used to clear excess sand between graves and the staff are marking out and preparing the foundations for the berms.
- Land is needed at KwaNobamba burial sites.
- The Public Works and basic Services (Civil) Department assist with the digging of graves by lending us their TLB.

NAME OF CEMETERY	YEAR OPENED/ CLOSED	CAPACITY	LIFE SPAN
Keate Street	21/04/1957 - 1990	99.9 % full	
Forderville	11/12/1976 - 1989	99.9% full	
Alexandra Street	31/10/1990	99.9% full	
Bank Road	19/07/2008	Half full	Estimated plus minus 10 years
Locksloy	08/04/ 1976 – 1998	Full	
Embangweni Mahhashini	- 01/1998 – 09 2013	Full	
Longhomes	- 09/2013	Half full	Estimated plus minus 5 years
Weenen			

KwaNobamba		100% full	New burial land is needed urgently
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Equipment Required at Cemeteries.

- Submersible Water pump.
- Fencing of all Cemeteries.
- Security Guard to man the entrance.
- Uniforms and protective clothing for staff.
- Software to update the burial register.
- Land for Cemeteries needed urgently.

Aerodrome -

The license for the Aerodrome has been suspended after the inspection was done by Aviation due to the fencing at the aerodrome being stolen. It is a risk to keep the Aerodrome open because of animals grazing. Business Plans have been sent to Rural Development and Land Affairs Departments for funding, awaiting responses.

Swimming Pools

The Swimming Pools were only operational from December 2018. The Chemicals for the pools were delivered late. Bert Tucker Pool had to repair a pump and a Recreational Officer was a temporary staff member. Tickets for the Pools had to be done in-house due to financial constraints.

Statistics of ticket sales

HILLDENE POOL				BERT TUCKER POOL			
Adults Daily	Adults Season	Children Daily	Children season	Adults Daily	Adults Season	Children Daily	Children Season
364		1103	53	04	0	139	0

RECOMMENDATION:

- Uniforms and protective clothing to issue to staff.
- Tractors and vehicles required to maintain sports fields and halls.
- Material and chemicals to be purchased on time.
- Chairs and trestles to be purchased in halls.
- Submersible pump to be purchased for cemeteries.

- Lawn mower to be purchased for Lambert Park.
- Fencing for Graveyards and Aerodrome.

2. Law Enforcement Traffic Section

1st Quarter 2018 – 2019 (June 2018 – August 2018)

Learners:

Applicants booked: 554	Payed: R150.00	Total amount:	R83100.00
Applicants passed: 338	Payed: R60.00	Total amount:	R20280.00
Duplicate learners: 23	Payed: R80.00	Total amount:	R1840.00
Free issue: 0	Reason: Examiner never signed and or system off line.		
Learners Cancelled: 0	Reason: Incorrect ID book used.		

Grand Total: R105 220.00

Driver's Licence & Renewals:

Applicants booked M/C:11	Payed: R220.00	Total amount:	R2420.00
Applicants booked LMV:35	Payed: R250.00	Total amount:	R8750.00
Applicants booked HMV: 494	Payed: R300.00	Total amount:	R148200.00
Licenses issued: 1199	Payed: R250.00	Total amount:	R299750.00
Never produced: 40	Reason: Unsuitable photo / fingerprints		
Temporary Licence: 489	Payed: R90.00	Total amount:	R44010.00
Free issue: 247	Reason: Drivers Licence passed.		
PRDP issued: 438	Payed: R150.00	Total amount:	R65700.00
Cancelled PRDP: 1	Reason: Wrong code.	Total amount: -R150.00	
Duplicate TRN: 1	Payed: R240.00	Total amount:	R240.00

Grand Total: R568 920.00

Total amount of drivers and learners

R674 140.00

C.O.R:

Applicants booked M/C: 1	Payed: R200.00	Total amount: R200.00
Applicants booked Other: 59	Payed: R220.00	Total amount: R12980.00
Applicants booked HVM: 29	Payed: R350.00	Total amount: R10150.00
C.O.R issued: 72	Payed: R120.00	Total amount: R8640.00
		Grand total: R31 970.00

Motor**Licensing:****ESTCOURT**

Municipal fee calculated as follows: Grand total minus (-) transaction fee times (x) 8.55%

Grand total of all Transactions fee:	Municipal Taking:
transactions: R5206119.75	R419 830.00

Motor Licensing: WEENEN

Municipal fee calculated as follows: Grand total minus (-) transaction fee times (x) 8.55%

Grand total of all Transactions fee:	Municipal Taking:
transactions: R414734.30	R33 372.00

Total amount from Licensing Offices R453 202.00

Traffic Infringements:

Number of Section 341 Notices (Traffic Fine)	55	R33 200.00
Number of Section 56 Notices (Traffic Fine)	624	R615 550.00
Total amount from infringements	679	R648 750.00

TOTAL REVENUE FOR 1ST QUARTER**R1,808,062.00****2nd Quarter 2018 – 2019 (Oct 2018 – Dec 2018)****Learners:**

Applicants booked: 423	Payed: R150.00	Total amount: R63450.00
Applicants passed: 263	Payed: R60.00	Total amount: R15780.00
Duplicate learners: 14	Payed: R80.00	Total amount: R1040.00
Free issue: 0	Reason: Examiner never signed and or system off line.	
Learners Cancelled: 0	Reason: Incorrect ID book used.	

Grand Total: R80 270.00**Driver's Licence & renewals:**

Applicants booked M/C:4	Payed: R220.00	Total amount: R880.00
Applicants booked LMV:52	Payed: R250.00	Total amount:R13000.00
Applicants booked HMV: 411	Payed: R300.00	Total amount: R123300.00
Licences issued: 1163	Payed: R250.00	Total amount: R290750.00
Never produced: 21	Reason: Unsuitable photo / fingerprints	
Cancelled Licence: 2	Reason: Wrong code	Total amount: -R500.00
Temporary Licence: 576	Payed: R90.00	Total amount: R51840.00
Cancelled Temp: 2	Reason: Wrong code	Total amount: -R180.00
Free issue: 220	Reason: Drivers Licence passed.	
PRDP issued: 386	Payed: R150.00	Total amount: R57900.00
Cancelled PRDP: 2	Reason: Wrong code.	Total amount: -R300.00
Duplicate TRN: 0	Payed: R240.00	Total amount: R0.00

Grand Total: R536 690.00**Total amount of drivers and learners****R616 960.00**

C.O.R:

Applicants booked M/C: 0	Payed: R200.00	Total amount: R0.00
Applicants Other: 62	booked Payed: R220.00	Total amount: R13640.00
Cancelled Other: 1	Booking Reason: Wrong code	Total amount: -R220.00
Applicants HMV: 21	booked Payed: R350.00	Total amount: R7350.00
Cancelled HMV: 1	Booking Reason: Wrong code	Total amount: -R350.00
Applicants booked BUS: 2	Payed: R350.00	Total amount: R700.00
C.O.R issued: 76	Payed: R120.00	Total amount: R9120.00
		Grand total: R30 240.00

Motor Licensing: ESTCOURT

Municipal fee calculated as follows: Grand total minus (-) transaction fee times (x) 8.55%

Grand total of all Transactions fee:	Municipal Taking:
transactions: R324936.00	R360 228.00
R4538133.70	

Motor Licensing: WEENEN

Municipal fee calculated as follows: Grand total minus (-) transaction fee times (x) 8.55%

Grand total of all Transactions fee:	Municipal Taking:
transactions: R25632.00	R32 905.00
R410496.85	

Total amount from Licensing Offices R393 133.00

Traffic Infringements:

Number of Section 341 Notices (Traffic Fine)	136	R55 150.00
Number of Section 56 Notices (Traffic Fine)	806	R814 650.00
Total amount from infringements	942	R869 800.00

Total revenue for 2nd quarter **R1,910,133.00**

3rd Quarter 2018 – 2019 (Jan 2019 – Mar 2019)**Learners:**

Applicants booked: 729	Payed: R150.00	Total amount: R109350.00
Application cancelled: 1	Reason: Wrong code	Total amount: -R150.00
Applicants passed: 417	Payed: R60.00	Total amount: R25020.00
Duplicate learners: 16	Payed: R80.00	Total amount: R1280.00
Free issue: 0	Reason: Examiner never signed and or system off line.	

Grand Total: R135 500.00

Driver's Licence & renewals:

Applicants booked M/C:9	Payed: R220.00	Total amount: R1980.00
Applicants booked LMV:45	Payed: R250.00	Total amount: R11250.00
Applicants booked H MV: 467	Payed: R300.00	Total amount: R140100.00
Licences issued: 1386	Payed: R250.00	Total amount: R346500.00
Never produced: 81	Reason: Unsuitable photo / fingerprints	
Cancelled Licence: 1	Reason: Wrong code	Total amount: R250.00
Temporary Licence: 633	Payed: R90.00	Total amount: R56970.00
Cancelled Temp: 0	Reason: Wrong code	Total amount: R0.00
Free issue: 266	Reason: Drivers licence passed.	
PRDP issued: 565	Payed: R150.00	Total amount: R84750.00

Cancelled PRDP: 1 Reason: Wrong Total amount: -R150.00
code.

Duplicate TRN: 2 Payed: R240.00 Total amount: R480.00

Grand Total: R641 630.00

Total amount of drivers and learners R777 130.00

C.O.R:

Applicants booked Payed: R200.00 Total amount: R0.00
M/C: 0

Applicants booked Payed: R220.00 Total amount: R18480.00
Other: 84

Cancelled Booking Reason: Wrong code Total amount: R220.00
Other: 1

Applicants booked Payed: R350.00 Total amount: R5950.00
HMV: 17

Applicants booked BUS: Payed: R350.00 Total amount: R0.00
0

C.O.R issued: 91 Payed: R120.00 Total amount: R10920.00

Police clearance Payed: R120.00 Total amount: R120.00
required: 1

Grand Total: R35 250.00

Motor Licensing: ESTCOURT

Municipal fee calculated as follows: Grand total minus (-) transaction fee times
(x) 8.55%

Grand total of all Transactions fee: Municipal Taking:
transactions: R310824.00 **R456 390.00**
R5648725.70

Motor Licensing: WEENEN

Municipal fee calculated as follows: Grand total minus (-) transaction fee times
(x) 8.55%

Grand total of all Transactions fee: Municipal Taking:
transactions: R28368.00 R38 504.00
R478708.55

Total amount from Licensing Offices R494 894.00

Traffic Infringements:

Number of Section 341 Notices (Traffic Fine)	271	R153 000.00
Number of Section 56 Notices (Traffic Fine)	974	R1 098 050.00
Total amount from infringements	1218	R1 251 050.00

Total Revenue for 3rd quarter R2,558,324.00

Truck Operations:

There were two truck operations per week per shift that has taken place, on various dates, giving a total of **20** Truck Operations for this Quarter. During these operations the numerous truck drivers were charged or warned not to remain in the CBD area. "Para's" where chased away from in front of store windows where they were found sleeping or burning things to stay warm.

Shift Operations:

Shift operations took place on various dates, giving a total of **30** over the 3rd quarter. During these operations numerous vehicle where stopped and checked for defects and documentation that would be recommended to be with the driver, upon finding faults the drivers were dealt with and charged or the vehicles were suspended.

Station Operations:

Station operations took place throughout the 3rd quarter, giving a total of **3** operations. These are operations where both the shifts come together and conduct a roadblock, with in the CBD areas.

ITLEC Roadblocks:

Within the 3rd quarter there were **17** ITLEC roadblocks conducted in conjunction with the RTI and SAPS at various spots within our boundaries.

4th Quarter 2018 – 2019 (Apr 2019 – Jun 2019)

Learners:

Applicants booked: 603	Payed: R150.00	Total amount: R90450.00
Application cancelled: 1	Reason: Wrong code	Total amount: R150.00
Applicants passed: 350	Payed: R60.00	Total amount: R21000.00
Learners Cancelled: 2	Reason: Wrong code	Total amount: -R120.00
Duplicate learners: 14	Payed: R80.00	Total amount: R960.00
Free issue: 0	Reason: Examiner never signed and or system off line.	

Grand Total: R112 140.00

Driver's Licence & renewals:

Applicants booked M/C:8	Payed: R220.00	Total amount: R1760.00
Applicants booked LMV:45	Payed: R250.00	Total amount: R11250.00
Applicants booked HMV: 425	Payed: R300.00	Total amount: R127500.00
Licences issued: 1243	Payed: R250.00	Total amount: R310750.00
Never produced: 60	Reason: Unsuitable photo / fingerprints	
Cancelled Licence: 0	Reason: Wrong code	Total amount: -R0.00
Temporary Licence: 550	Payed: R90.00	Total amount: R49500.00
Cancelled Temp: 0	Reason: Wrong code	Total amount: R0.00
Free issue: 228	Reason: Drivers licence passed.	
PRDP issued: 484	Payed: R150.00	Total amount: R72600.00
Cancelled PRDP: 0	Reason: Wrong code.	Total amount: R0.00
Duplicate TRN: 3	Payed: R240.00	Total amount: R720.00

Grand Total: R574 080.00

TOTAL AMOUNT OF DRIVERS AND LEARNERS

R686 220.00

C.O.R:

Applicants booked	Payed: R200.00	Total amount: R200.00
M/C: 1		

Applicants booked	Payed: R220.00	Total amount: R8800.00
Other: 40		
Applicants booked	Payed: R350.00	Total amount: R4200.00
HMV: 12		
Applicants booked BUS:	Payed: R350.00	Total amount: R0.00
0		
C.O.R issued: 49	Payed: R120.00	Total amount: R5880.00
Police clearance required: 0	Payed: R120.00	Total amount: R0.00

Grand total: R19 080.00

Motor Licensing: ESTCOURT

Municipal fee calculated as follows: Grand total minus (-) transaction fee times (x) 8.55%

Grand total of all Transactions fee:	Municipal Taking:
transactions: R292104.00	R409 594.00
R5082683.05	

Motor Licensing: WEENEN

Municipal fee calculated as follows: Grand total minus (-) transaction fee times (x) 8.55%

Grand total of all Transactions fee:	Municipal Taking:
transactions: R30024.00	R52 041.00
R638694.40	

Total amount from Licensing Offices R461 635.00

Traffic Infringements:

Number of Section 341 Notices (Traffic Fine)	307	R125300.00
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Number of Section 56 Notices (Traffic Fine)	821	R947000.00
Total amount from infringements	1128	R1 072 300.00

Total revenue for 4th quarter **R2,239,235.00**

Truck operations:

There were two truck operations per week per shift that has taken place, on various dates, giving a total of **26** Truck Operations for this Quarter. During these operations the numerous truck drivers were charged or warned not to remain in the CBD area. "Para's" where chased away from in front of store windows where they were found sleeping or burning things to stay warm.

Shift operations:

Shift operations took place on various dates, giving a total of **52** over the 3rd quarter. During these operations numerous vehicle where stopped and checked for defects and documentation that would be recommended to be with the driver, upon finding faults the drivers were dealt with and charged or the vehicles were suspended.

Station operations:

Station operations took place throughout the 3rd quarter, giving a total of **3** operations. These are operations where both the shifts come together and conduct a roadblock, with in the CBD areas.

Itlec Roadblocks:

Within the 3rd quarter there were **17** ITLEC roadblocks conducted in conjunction with the RTI and SAPS at various spots within our boundaries.

3. CLEANSING SECTION

Overall Structural Arrangement:

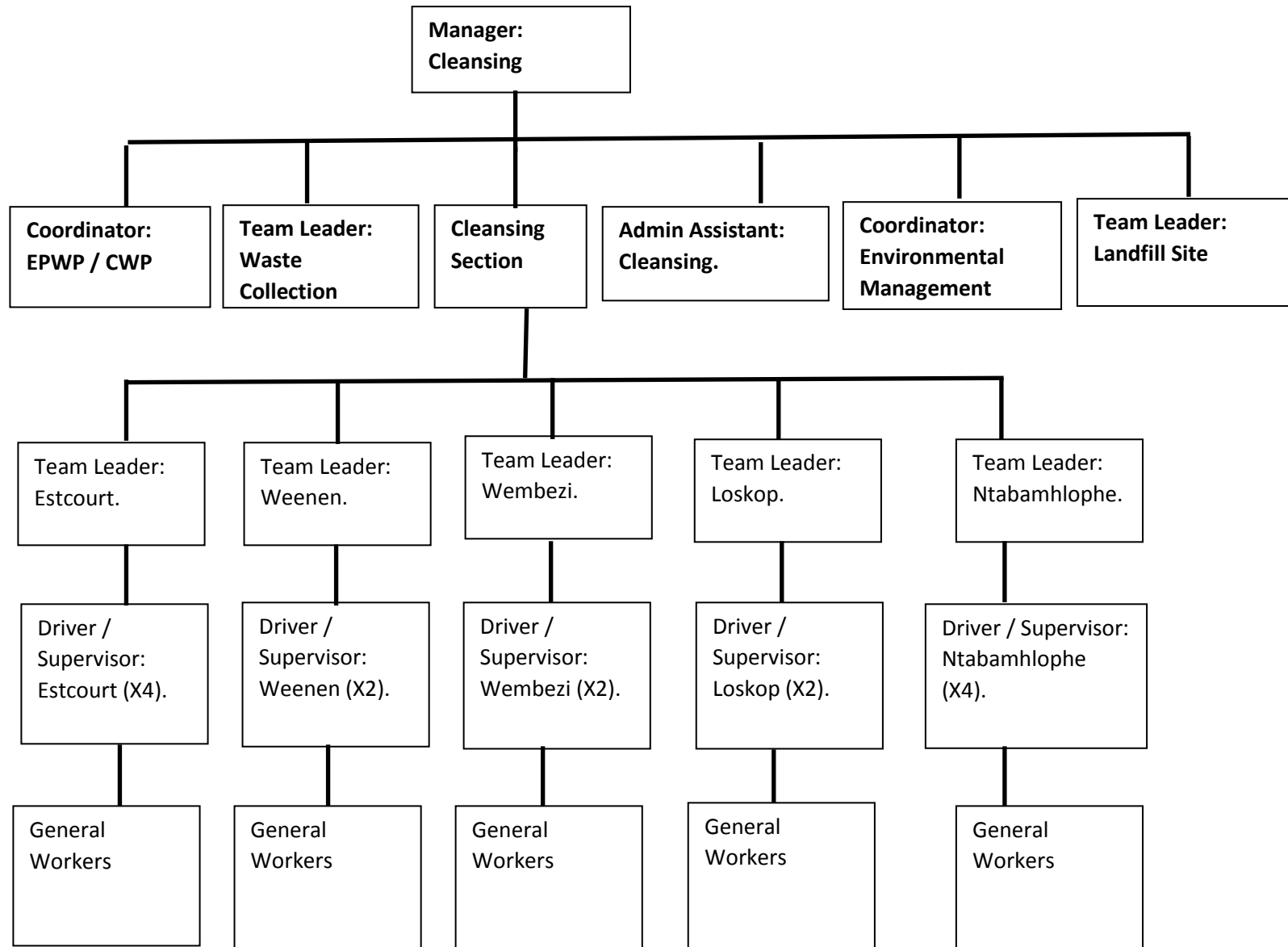
Position	Accountability Reporting.	/ Initials Surname.	& Status
Manager: Cleansing.	GM: Community Services.	HS Hlongwane	Permanent.
Admin Assistant.	Manager: Cleansing.	D Fook.	Permanent.

Coordinator: EPWP / CWP.	Manager: Cleansing.	C. Magubane	Fixed Contract.	Term
Coordinator: Environmental Management	Manager: Cleansing	NN Milanzi	Fixed Contract as appointed by KZNEDTEA.	Term as by
Superintendent: Cleansing.	Manager: Cleansing.	SJ Mageza.	Acting	without remuneration.
Team Leader: Estcourt.	Superintendent: Cleansing.	PC Majola.	Permanent.	
Team Leader: Weenen.	Superintendent: Cleansing	ML Lomane.	Permanent.	
Team Leader: Wembezi.	Superintendent: Cleansing.	M Majola.	Acting	without remuneration
Team Leader: Ntabamhlophe.	Superintendent: Cleansing.	Vacant.	N/a	
Team Leader: Loskop.	Superintendent: Cleansing.	Vacant.	N/a	
Team Leader: Landfill Site.	Superintendent: Cleansing.	A Mnculwane.	Acting	without remuneration.
Supervisor: Estcourt.	Team leader: Estcourt.	BF Mabaso. VF Shelembe. SS Zuma. F Hadebe.	Acting	without remuneration
Supervisor: Weenen.	Team Leader: Weenen.	B Khumalo. Vacant.	Acting	without remuneration
Supervisor: Wembezi.	Team Leader: Wembezi.	Vacant. Vacant.	N/a	
Supervisor: Ntabamhlophe.	Team Leader: Ntabamhlophe.	Vacant. Vacant. Vacant.	N/a N/a	

Supervisor:
Loskop.

Team
Loskop.

Leader: Vacant.



Tools, Equipment, Asset and Fleet Management:**Fleet:**

Vehicle Description.	Registration Number	Allocation	Condition and progress.
Refuse Compactor.	NE 527	All areas.	Have reached life span but in running condition.
Refuse Compactor.	NE 19337	All areas.	Not in working condition.
Hired Refuse Compactor.	N/a	All areas.	In excellent working condition.
Skip Loader.	NE 14325	All areas.	Have reached life span but in running condition.
Bull Dozer.	N/a	Landfill Site.	Not in working condition and awaiting Diagnosis by the Agents for more than Six Months.
LDV	NE 29887	Estcourt	In excellent working condition (New).
LDV	NE 24912	Estcourt	In working condition.
LDV	NE 12196	Landfill Site	Not in working condition and parked at the fire station for repairs.
LDV	NE 15860	Weenen	In working condition.
LDV	NE 15772	Weenen	Not in working condition and parked at the fire station for repairs.
LDV	NE 12205	Weenen	Not in working condition and parked at the fire station for repairs.
LDV	NE 18183	Wembezi	Not in working condition and parked at the fire station for repairs.

It should be noted that the unit is currently struggling to deliver services in all areas due to the following challenges:

- Estcourt cannot be fully serviced since there is currently One LDV allocated to Two Supervisors during the day and the same LDV to, One Supervisor for the Night Shift;
- Weenen is currently operating with One LDV and there are currently no vehicles allocated to Loskop and Ntabamhlophe; and
- In addition to the CBD, Factories and Estcourt Residential Areas, One Skip Loader must service Loskop, Wembezi, Ntabamhlophe and Weenen in terms of collection of Skip Bins.

Distribution of Refuse Bags (July 2018 – June 2019):

Area		Distribution for this Month (Number)	Responsibility
Ntabamhlophe and Loskop.	60,000		CG Magubane
Weenen.	60,000		A Nkabinde
Estcourt.	120,000		PC Majola
Wembezi.	96,000		M Majola
Landfill Site	24,000		A Mnculwane
Clean-up Campaign.	Covered under Ntabamhlophe and Loskop.		CG Magubane
Total	360,0000		CG Magubane

Litter Pickers (Allocated in July 2018 – June 2019).

Area	Total issued.
Ntabamhlophe and Loskop.	0
Weenen.	10
Estcourt.	75
Wembezi.	10
Landfill Site	Covered under Estcourt.
Kept for future Needs.	10 New and 20 Used.
Total	125

Skip Bins:

Total number of Skip Bins is **48** and are distributed as per the attached list in Residential, Transfer Station, Industry, Commercial and Municipal Buildings.

REPORT FOR THE LANDFILL SITE:

July 2018 – June 2019- Before the Intervention (Plant & Equipment):

The following are recommendations as contained in the report titled, “**Calculation of the Estcourt Landfill Site Rehabilitation and Closure Provision as at 30 June 2018**”

Operations Appoint engineering company to investigate the current landfill to determine the remaining site life and or the feasibility of extending the site life. Design and prepare tender documentation for the development of a Class B lined cell with appropriate leachate and contaminated water management systems as well as other required infrastructure. Also include a development plan.

Determine the closure requirements for the current disposal area by meeting DWS.

Implement EMP requirements.

Appoint geo-hydrologist to compile a ground water model to determine the pollution potential of the site.

Appoint suitably qualified person/company to conduct external annual auditing.

Appoint civil contractor to construct required landfill infrastructure.

Conduct bi-annual sampling and review of water quality.

Submission of report to authorities.

Closure Based on the development plan closure requirements will be known and hence closure cost can be calculated.

Post Closure Appoint responsible person/company to conduct annual physical inspection of the landfill and draft a maintenance report (cost per event).

Implement maintenance report.

Conduct bi-annual sampling and review of water quality.

Submission of report to authorities.

Comments:

The above has resulted in a situation where daily covering of Waste has not been done for the past Six Months. This due to the fact that the Dozer is currently not functional for the past Six Months and the Business Plan that was compiled and submitted to KZN COGTA and KZN EDTEA for Funding of the procurement process of Plant and Equipment for the Landfill Site, has not yet receive approval from the Two departments.

The municipality has also written to KZN COGTA for provision of an Excavator, Front-end Loader, Tipper Truck, Bull Dozer, a Water Cutter and Two Refuse Compactors for a period of Six Months to ensure Collection, Transportation and Disposal of Waste. The Excavator has been delivered and One Refuse Compactor has been delivered.

The municipality has also appointed a Consultant for provision of an Audit Report / Status Quo and Turnaround Plan in response to the Non-Compliance with the Permit and Lifespan. The said reports have been compiled and submitted to the relevant structures.

IT SHOULD BE NOTED THAT, THERE ARE CURRENTLY NO OPERATIONS AT THE LANDFILL SINCE THERE IS NO ALLOCATED OPERATORS FOR TLB AND EXCAVATOR AS ALLOCATED TO THE MUNICIPALITY BY KZN COGTA. THE OPERATIONS HAVE BEEN AT A STANDSTILL FOR THE PAST SIX MONTHS. THE MUNICIPALITY DID HOWEVER HIRE A DOZER FOR TWO WEEKS AND THERE HAS BEEN SOME IMPROVE WHICH IS CURRENTLY BEING REVERSED SINCE THERE ARE NO OPERATIONS.

TRAINING HAS HOWEVER BEEN CONDUCTED FOR ALL EMPLOYEES ALLOCATED TO THE LANDFILL SITE ON THE 31 MAY 2019 IN TERMS OF WASTE MANAGEMENT, IWMP, LANDFILL SITE MANAGEMENT AND STANDARD OPERATING PROCEDURES.

Progress during the Intervention (Plant & Equipment):

The following Plant and Equipment is currently being utilized by Inkosi Langalibalele as per the approval of the submission made to KZN COGTA by ILM:

Plant / Equipment	Purpose	Status of delivery.
Excavator.	For Digging of Tranches / Cells at the Estcourt Landfill Site for in order to respond to the following: • Eradicate Backlog in terms of covering of waste as per the requirement of the Permit issued; and • Excavate future Trenches / Cells to ensure daily covering.	Delivered.
Tipper Truck, TLB and Front-end Loader.	To Load waste on a Tipper Truck at the Landfill Site and other areas in order to respond to the following: • Eradicate Backlog in terms of covering of waste as per the	• Tipper Truck – Not yet delivered; • TLB – Delivered; and • Front-end Loader – Not yet delivered.

	requirement of the Permit issued; and • Eradicate Illegal Dumping around the Landfill Site, CBD and other reported settlement areas (Urban and Rural).	
Refuse Compactors.	For Collection of waste from House Holds, Industries, Schools, Hospitals, Clinics, and other areas for disposal at the Estcourt Landfill Site.	One Compactor delivered but it had a Mechanical Problem and it is with the dealership in PMB.

Non-Compliance with the Permit that requires urgent attention in terms of Yellow Metal.

Non Compliance / Item.	Required Plant / Equipment.	Comments.
There is currently lack of provision for disposal of waste in terms proper Cells.	Excavator.	The municipality has started with the process of establishing cells for eradication of the backlog. This process has however stopped since we do not have an operator.
There is a serious backlog of waste that is not covered which has resulted to lack of Daily Covering of waste as required by the Permit.	Front-end Loader or at least a TLB, Tipper Truck and Dozer.	The municipality has started with the process of eradicating the backlog but the process is currently delayed since the process to construct adequate Cells is still underway. The process is also delayed by the fact that the Tipper Truck and the Dozer are not yet delivered by KZN COGTA as per the approved Proposal.
The site does not have proper drainage as required by the Permit for the municipality to	TLB or Excavator.	The process is also delayed by the fact that the Tipper Truck and the Dozer are not yet

construct a Drainage System, both internally and externally.		delivered by KZN COGTA as per the approved Proposal.
The site does not have a Leachate Management System in terms Ponds to ensure storage, treatment and disposal.	TLB, Grader and Tipper Truck.	The process is also delayed by the fact that the Tipper Truck and the Dozer are not yet delivered by KZN COGTA as per the approved Proposal.
Eradication of Nuisance in terms Dust and control of Fires at all times and more especially during the Fire Season.	Water Tanker / Cutter.	The site runs a risk of fires since we are now in the fire season. This will impact negatively on the N3 and the conditions of the Permit as informed by the Act.

RECOVERY / TURNAROUND PLAN:

The following entails is progress on the resolutions and the Turnaround Plan in terms of the issues raised by the KZN Department of Economic Development, Tourism and Environmental Affairs:

Item	Start Date	Estimated Completion Date	Comments.
Construction of proper Cells to ensure disposal of waste as per the conditions of the Permit.	17 June 2019.	30 August 2019.	The process has recently been started since we do not have an Operator for the Excavator.
Eradication of all backlog and ensure Daily Covering of waste as required by the Permit.	17 June 2019.	30 August 2019.	The process has recently been started since the Excavator and the TLB was utilized by our Civil Unit for an urgent operation. The process is however delayed since we do not have an Operator for the Excavator.
The site does not have proper	02 September 2019.	27 September 2019.	The process will begin once daily

drainage as required by the Permit for the municipality to construct a Drainage System, both internally and externally.			covering is in place.
The site does not have a Leachate Management System in terms Ponds to ensure storage, treatment and disposal.	01 October 2019.	29 November 2019.	The process will begin after the completion of the Drainage System.
Eradication of Nuisance in terms Dust and control of Fires at all times and more especially during the Fire Season.	As soon as the Water Tanker is delivered.	Continuous till the end of the contract.	The process cannot yet be implemented since the Water Tanker is not yet delivered. The sites runs the risk of fires since it's the Fire Season.

It should be noted that Four Employees have been identified for training as Operators for the Dozer, Excavator, TLB and Grader from the 05 August 2019

Images showing the Status of Waste Disposal at the Landfill Site.



Municipal Dozer.



Hired Dozer on the left.



KZN COGTA Excavator



The state of the Landfill Site before Intervention:



The state of the Landfill Site during the current intervention:



The Landfill Site during the current intervention:

Annual Report for Weenen:

Item	Report
Supervision.	There is currently a Team Leader who is permanently employed and One Supervisor who is acting without a Contract for the acting due to the current financial state of the municipality.
Total number of General Workers.	• Permanent – 40 • EPWP – 0 the contracts for EPWP have expired.
Vehicle allocation.	• The area is currently operating with One LDV which impacts negatively on service delivery since there are more than two teams on a daily basis.
Tools, Equipment and Uniform.	• The Unit does not have adequate tools and equipment, such as Bins; and • The Uniform is currently not received by the employees due to SCM delays and if the matter is not urgently attended to, Employees might withdraw their service as previously threatened by Union Representatives during our previous meetings.

Waste Collection.	Waste is collected for disposal via Skip Bins that are placed and collected by the Skip Loader from the Transfer Station in Weenen. The collection of waste is currently a challenge since One Skip Loader services the whole municipality.
Litter Picking.	The service is currently in order, however. Disposal is a challenge due to the shortage of an additional LDV for transportation of Bin Bags to the Transfer Station.
Illegal Dumping.	Illegal Dumping is currently a challenge due to lack of Plant and Equipment for eradication. There is currently a challenge in preventing illegal dumping due to lack of enforcement since we do not have trained Peace Officers to issue notices and fines.
Comments.	• The municipality must consider filing the position of the Supervisor on a permanent basis to ensure accountability; • An additional LDV is needed for the area; • The procurement of uniform must be urgently attended to prevent Labour Disputes / Protests; • The Fleet Unit must speed up the process of repairing the additional LDV for the Weenen area as per their commitment; and • We need to train a Peace Officer for the area.

Annual Report for Estcourt:

Item	Report
Supervision.	There is currently a Team Leader who is permanently employed and Four Supervisors who are acting without Contracts for the acting due to the current financial state of the municipality.
Total number of General Workers.	• Permanent – 57 • EPWP – 0. The contracts for EPWP have expired.
Vehicle allocation.	The area is currently operating with One LDV which impacts negatively on service delivery since there are more than four teams on a daily basis.

Tools, Equipment and Uniform.	The Uniform is currently not received by the employees due to SCM delays and if the matter is not urgently attended to, Employees might withdraw their service as previously threatened by Union Representatives during our previous meetings.
Waste Collection.	Waste Collection is currently in order since both Refuse Compactors are in working conditions.
Litter Picking.	The service is currently challenged in terms of supervision due to the current contract arrangements but the situation is improving, however. Disposal is a challenge due to the shortage of additional Two LDVs for transportation of Bin Bags to the Landfill Site.
Illegal Dumping.	Illegal Dumping is currently a challenge due to lack of Plant and Equipment for eradication. There is currently a challenge in preventing illegal dumping due to lack of enforcement since we do not have trained Peace Officers to issue notices and fines.
Comments.	• The municipality must consider filing the position of the Supervisor on a permanent basis to ensure accountability; • Two additional LDVs are needed for the area; • The procurement of uniform must be urgently attended to prevent Labour Disputes / Protests; • The Fleet Unit must speed up the process of repairing the additional Two LDVs for the Estcourt area as per their commitment; and • We need to train a Peace Officer for the area.

Annual Report for Wembezi:

Item	Report
Supervision.	There is currently an acting Team Leader who does not have a contract with the municipality for the position and the positions of the Supervisor and Driver vacant. The Acting Team Leader who is permanently employed as a Driver is currently

performing all supervision duties without any compensation.

Total number of General Workers.	• Permanent – 18 • EPWP – 0. Contracts for EPWP have expired.
Vehicle allocation.	The area has now been allocated One LDV and there is serious improvement in terms of work activities.
Tools, Equipment and Uniform.	The Uniform is currently not received by the employees due to SCM delays and if the matter is not urgently attended to, Employees might withdraw their service as previously threatened by Union Representatives during our previous meetings.
Waste Collection.	Waste Collection is currently in order since both Refuse Compactors are in working conditions.
Litter Picking.	The service is currently challenged in terms of supervision due to the current contract arrangements and lack of adequate supervision. Disposal is a challenge due to the fact that there is no LDV for transportation of Bin Bags to the Landfill Site.
Illegal Dumping.	We have conducted Two Cleanup Campaigns and illegal dumping has been reduced.
Comments.	• The municipality must consider filling the positions of the Team Leader and the Supervisor on a permanent basis to ensure accountability; • At least One LDVs is needed for the area; • The procurement of uniform must be urgently attended to prevent Labour Disputes / Protests; • The Fleet Unit must speed up the process of repairing the LDV for the Wembezi area as per their commitment; and • We need to train a Peace Officer for the area.

Annual Report for Ntabamhlophe and Loskop:

The areas are currently not incorporated into the operating system in terms of the following:

- The areas are currently serviced by CWP Participants only since EPWP Contracts have expired;
- There is currently no permanent employees allocated to these areas due to the challenges of the merger;
- The areas are currently serviced with Skip Bins for Waste Collection (Waste Picked and disposed in the Skip Bins by the participants of our Poverty Alleviation Programmes);
- The areas have no Operational Structural arrangement in place, in terms of Team Leader, Supervisor / Driver and General Workers; and
- There are currently no vehicles, Plant and Equipment allocated to the areas due to the financial state of the municipality and challenges of the merger.

The above challenges are as a result of no proper structural organisation of the areas in terms of proper allocation of employees. The fact of the matter is that there are more than Twenty (20) General Workers of the Waste Unit who are still performing duties in other departments, which is a major contributor to the challenge at hand and support to the Refuse Compactors which is currently supplemented by EPWP.

Recommendations:

Permanent allocation of the misplaced employees (in other departments) to the affected departments. E.g. if a General Worker who is employed to execute duties for the Waste Unit is currently providing Cleaning Services in a Municipal Building, that the incumbent be placed there so that the occupied position can be available for filling by a person who will provide waste duties.

The above will allow a situation where the said positions that are currently filled by employees who are not performing waste duties to be available for filling by employees who will perform waste duties. It should be noted that the statement does not call for new recruitments but requests for proper placement of employees to ensure that employees are performing duties that they are employed for so that we can have workers to allocate to these areas (Loskop and Ntabamhlophe) and other affected areas.

Annual Report for Extended Public Works Programme

The Contracts for EPWP commenced on the 1st June 2018 to 30th July 2019. New recruitments were done from the month of April 2019 for the 2019/2020 EPWP.

A report was tabled in the 2019 Municipal strategic planning session which was held in the month of March 2019, the presentation highlighted the Phase 3 targets which were set in 2013/14 financial year.

	IMBABAZANE		UMTSHEZI	
YEAR	TARGET	FTE	TARGET	FTE
2014/15	145	47		110 36
2015/16	183	60		139 45
2016/17	222	72		169 55
2017/2018	276	90		211 69
2018/2019	306	100		233 76
Total	1132	369		862 281

Inkosi Langalibalele Municipality EPWP Performance as at 06 March 2019

2018/19 Targets		2018/19 Targets Achieved		% Achieved		Deficit /Surplus	
WO	FTEs	WO	FTEs	WO	FTE	WO	FTEs
539	176	423	102	78%	58%	-116	-102

It is requested that we ensure that EPWP principles are stipulated in all the municipal tender documents, to encourage all our projects to be labour intensive. Incentive grant is allocated as per the adherence to the targets and the following:

- To enhance the programme functionality, the recruitment to be done as per the EPWP Recruitment Guidelines;
- The programme is a poverty alleviation programme;
- The recruitment commenced from the 2nd April 2019, the recruitment was to take a period of a month. A timetable was aligned with community meeting dates set by Public Participation, the community meetings were to make the process transparent and to ensure no person will be re-employed on the programme, all the participants were to be recruited in community meetings facilitated by Ward Councillors which didn't happen as Councillors requested to facilitate the identification of participants on their own in their wards, the lists were then submitted to the municipality for the municipality to recruit them. Councillors were informed that the EPWP Guidelines and the Guidelines stipulate that a person cannot work on the programme more than 12 months or be reappointed on the programme.
- The EPWP Reporting System has since been made to detect people who are re-employed on the EPWP and those people cannot be loaded on the system and that becomes an audit query when the number of people on the PWP Reporting

System and the number of people paid do not correspond. Projects for 2019/20 is for waste management and parks rehabilitation, the determined 2019/2020 ministerial daily rates determination is R92.31 and these rates are reviewed annually in November;

- Participants are to be paid R100,00 a day in order to accommodate the Ministerial review which gets done in November every year;
- The EPWP Budget for 2019/20 incentive grant allocation is R2 149 000.00 and there has been internal funding added to the grant and the budget is at R5 000 000.00;
- The Inkosi Langalibalele Municipality EPWP Grant has been decreasing annually due to the targets that are not met as not all projects implemented;
- In order to improve on the last financial year targets met the numbers were to be increased;
- The participants to be appointed is 345 which is 15 per ward , participants will work for 10 days a month at R100 per day to increase the numbers as it will be $(15pp \times R1000 \times 23 = R34\ 5000.00 \times 12 = R4\ 140\ 000.00)$;
- Vaccination, Salaries & Allowances, printers and computers.- R860 000.00; and
- There will be 15pp / ward = 345 which will be above 306 we had in 2018/19

There are 2 projects approved by the Department of Public Works which are:

- (i) Waste Management Project – Cleaning and Collection of waste around public facilities; and
- (ii) Parks and Rehabilitation Project – Grass cutting, Tree Felling and maintenance of parks.

The **EPWP Phase 4 which is starting in 2019/20 to 2023/24 as the EPWP Phases are 5years.** The new targets are set for this phase, the MOU has been signed and submitted.

The Organizational Structure of the EPWP Unit dictates that there should be participants for each of the 23 wards as clustered into Five Areas (Estcourt, Wembezi, Loskop, Weenen and Ntabamhlophe) and mainly prioritizing the less privileged and previously disadvantaged individuals.

Phase 3 implementation for Inkosi Langalibalele Local Municipality as from 2016/17. Allocation for wards was 12 participants and distributed as follows:

- 10 PARTICIPANTS working 10 days/month; and
- 2 PARTICIPANTS working 23 days/month.

Those participants were 276 with their contracts that commenced on the 1st December 2016 to 30 June 2017

Again in the financial year 2017/18 were recruited as follows:

- 10 PARTICIPANTS working 10 days/month; and
- 2 PARTICIPANTS working 23 days/month.

Those participants were 276 with contracts commencing on the 1st July 2017 to 30 June 2018

Again in the financial year 2018/19 were recruited as follows Inkosi Langalibalele Municipality:

- 10 Participants working 10 days/month; and
- 2 Participants working 23 days/month.

These participants were 276 with their contracts that commenced on the 1st July 2018 to 30 June 2019

It must be noted that ward Councillors have been identifying the same people for the duration of 3 years with the exception of **Ward 13**, which changed all of them (12) for this financial year 2018/19, **Ward 14** which changed 9 out of 12 in the financial 2018/19 and **Ward 15** which replaced 6 out of 12 in the financial year 2018/19

We are still awaiting lists for the new recruitments for participants identified by the ward Councillors, ward Councillors were advised to identify new participants for the next financial year 2019/2020 commencing on the 1st of July 2019 as it is recommended in the EPWP National Recruitment Policy.

The Green Deeds Programme:

The Main objectives of the Clean and Safe South Africa programme are:

- Street cleaning,
- Illegal dump clearing,
- Environmental Education and awareness,
- To change the behavioural patterns of individuals, groups and society as whole on waste management issues, and
- To encourage all South Africans to take ownership against littering.

Focal Areas are working on Waste, Greening & Open Space Management, Working for Land, People & Parks, Biodiversity Economy, Working for the Coast and Youth Employment Programme. The sector that is applicable to Inkosi Langalibalele is working on Waste and KZNEDTEA has appointed a Service Provider, One (1) Coordinator for Environmental Management, Seven (7) Educators on Waste and Fifteen (15) Participants to ensure implementation. The Service Provider is currently working on a Business Plan for Work Allocation, Funding and Resources but the Coordinator was seconded to ILM on the 01/04/2019. We have already provided space and allocated duties to the Coordinator.

Schedule for Cleanup Campaigns:

An email was sent to the National Department of Environmental Affairs for the Training of Five (5) Employees as Peace Officers. The department has since responded that our Five Employees will be trained during the September – October 2019 Training Session.

Illegal Dumping done during the 2018/19 Financial Year:

The following areas were covered in terms of Illegal Dumping:

- The whole CBD;
- Estcourt Taxi Rank; and

- The whole of Wembezi.

All Illegal Dumping has been attended to and being monitored.

It should be noted that Illegal Dumping was done in terms of Two weeks programmes that was be closely monitored in terms of its effectiveness to the Turnaround Plan.

Integrated Waste Management Plan:

The following is the Implementation Plan as contained in the IWMP:

PROJECTS	ACTION	TIME FRAME
Upgrading of a landfill site	Fence Repair.	15 December 2019
	Weighbridge Installation.	15 December 2019
	Construct Administration Building.	15 December 2020
	Water Connection & Internal Reticulation	30 April 2020
	Line cells Construction	01 April 2021
	Install Methane gas ventilation system	30 November 2021
	Leachate Management system installation	30 November 2020
Procurement of plant and Equipment for the daily operations of a Landfill site and Eradication of Illegal dumping	Dozer	30 September 2020
	TLB	30 September 2020
	Tipper Truck	30 September 2020
	Excavator	30 September 2020
	Water Tanker	30 September 2020
Construction of two (2) drop-off / Buy back centre (Weenen & Estcourt)	Construction of a structure where the community can drop off and recyclers can Buy Back.	30 April 2022
Construction of a Recycling Facility	Construction of a structure	30 April 2022
	Installation of Bailing machines	30 April 2022

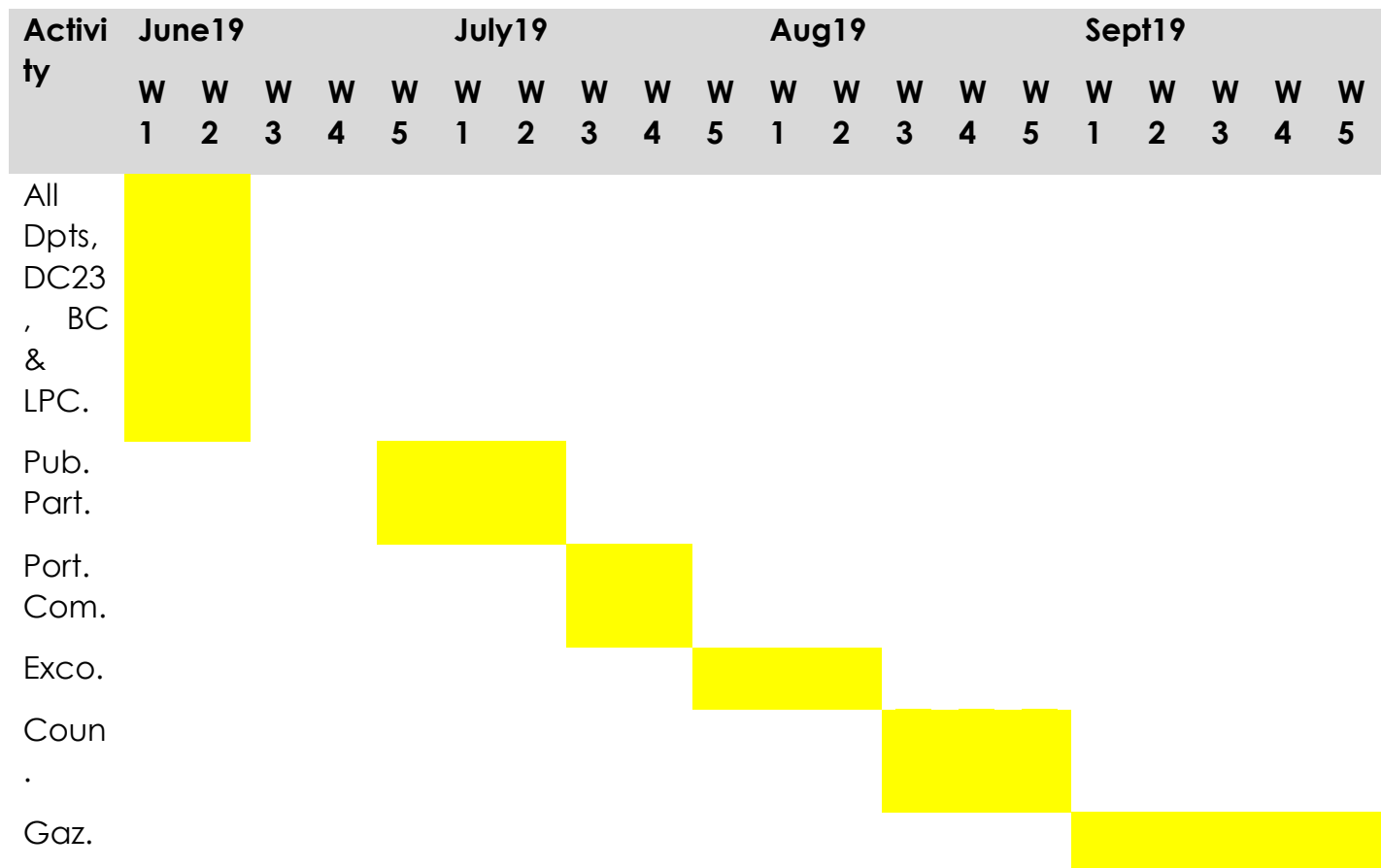
	Installation of Recycling Bins in strategic points for the community to Drop off recyclables.	30 April 2022
Upgrading of two (2) Transfer Stations (Weenen & Ntabamhlophe)	Fencing	30 June 2020
	Harden Surface	30 September 2020
	Ablution Facility	15 December 2020
	Water connection	30 June 2020
	Electricity Connection	15 December 2020
	Guard House	15 December 2020

The following table contains the Communication and Public Participation Plan for the IWMP:

Stakeholder	Consultation Process	Date of request.	Due Date	Status
Local Municipality (ILM)	Request comments from all internal Departments (Int. Dpts).	03 June 2019	14 June 2019	Complete
	Submission to the Portfolio Committee (Port Com).	15 July 2019	26 July 2019	Complete
	Submission to Exco.	30 July 2019	09 August 2019	Complete
	Council adoption once all comments received.	15 August 2019	30 August 2019	Complete
DEA	Request comments in terms of compliance (Legislative Framework).	03 June 2019	14 June 2019	Complete
KZN: EDTEA	Request comments in terms of compliance (Legislative Framework).	03 June 2019	14 June 2019	Complete

uThukela District Municipality (DC23)	Request comments in terms of partnership.	03 June 2019	14 June 2019	Complete
DWAF	Request comments in terms of compliance (Legislative Framework).	03 June 2019	14 June 2019	Complete
Business Chamber (BC)	Request general comments.	03 June 2019	14 June 2019	Complete
Local Private Companies (LPC)	Request general comments.	03 June 2019	14 June 2019	Complete
Public Participation (Pub Part).	Request general comments.	24 June 2019	12 July 2019	In progress
Gazette.	Gazette the Final and approved Document.	02 September 2019	30 September 2019	Not yet completed.

The following is the Gant Chat for the development of the IWMP:



Annual Report for Collection of Waste for all areas:

Month	Progress /Report	Corrective Measure
July 2018	Collection done as per N/a Collection Schedule.	
August 2018	Collection done as per N/a Collection Schedule.	
September 2018	Collection done as per N/a Collection Schedule.	
October 2018	Collection done as per N/a Collection Schedule.	
November 2018	Collection done as per N/a Collection Schedule.	
December 2018	Collection done as per N/a Collection Schedule.	
January 2019	Collection done as per N/a Collection Schedule.	
February 2019	Collection done as per N/a Collection Schedule.	
March 2019	Collection done as per N/a Collection Schedule.	
April 2019	Collection done as per N/a Collection Schedule.	
May 2019	Collection done as per N/a Collection Schedule.	
June 2019	Collection done as per N/a Collection Schedule.	

Operation Khuculula with the Fire Unit (Pressure Spraying of Streets).

Area	Progress	Comments
Estcourt CBD.	• Harding; • Phillip; and • Alexandra.	The programme is continuous and all streets will be covered by end August 2019.

Recycling Programme

The programme entails advertising for a suitable Service Provider to ensure implementation of the following:

- Issuing of a Clear Refuse Bag to all Urban House Holds for all Recyclables;
- Issuing of the Black Refuse Bag to all Urban House Holds for all None Recyclables;
- Separation of Waste at Source as per above;
- Collection of the Clear Bags for Recycling;
- Separation of Recyclables at an identified site;
- Individual Bailing or Packaging of all recyclables;
- Deviation of all recyclables from the Landfill Site by means of sale to interested Waste Companies.

The above process will include empowerment of existing Waste Claimers on site and a partnership for them with the appointed Service Provider.

Progress:

The advert, calling for Proposals for the appointment of suitable Service Provider has been considered by the Bid Specification Committee and should be advertised by 15 August 2019.

Legal Implications

- MFMA / MSA Compliance for procurement of Plant and Equipment.
- LRA Compliance for consideration of the Supervisors who are acting without contracts.

4. Emergency Services

Mission

To respond to fires, hazardous materials incidents and rescues on land to save lives, property and the environment.

Vision

To be committed division in the municipality we serve.

Core Values of the Division

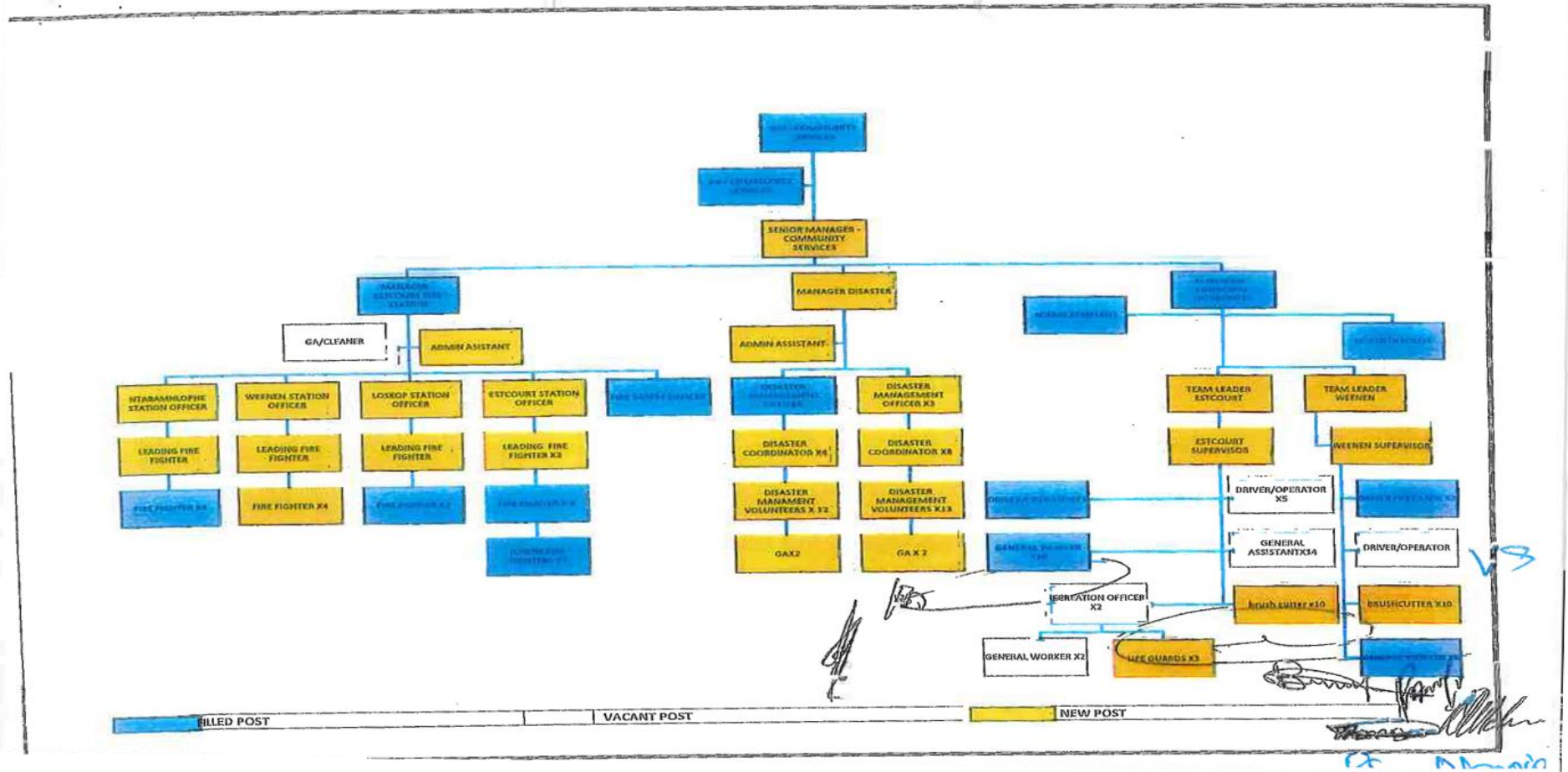
We value a rich humanistic tradition and committed to service, professionalism, discipline, integrity, accountability and pride.

Guiding Principles

As firefighters of the ILM fire service, we believe in the following principles:

- The safety of our firefighters and the citizens we serve is paramount,
- We will provide the highest quality of service to all who call upon us,
- We believe in service, professionalism, discipline, integrity, accountability and pride,
- We recognize and respect the rights of all we serve,
- We are committed to the preservation of life and property of our citizens,
- We believe that the professionalism development of our firefighters will lead to improved quality of service,
- We will promote a positive environment that inspires team work.

ORGANOGRAM



Major Fires and Mvc Attended

On Wednesday, 13 March 2019 at 16h00 the fire department was notified of industrial fire at Clover SA. The fire was fully developed on arrival of the fire department.





Quarterly Reports Submission

QUARTER 1	QUARTER 2	QUARTER 3	QUARTER 4	TOTAL
1	1	1	1	4

Number of Calls

INDUST RIAL FIRES	GR ASS FIRE S	MVC/ MVA	BUILD ING FIRES	OUTBUIL DING FIRES	S/SERVI CES	ELECTRI CAL	TRU CK FIRE S	VEHI CLE FIRES	D/ G
7	101	30	21	4	67	9	6	2	6

Actions by ILM Fire Services

ILM fire service responded on time and we were on scene at least seven days.

Lesson Learned

Lack of resources poses a threat to responders/firefighters.

Challenges and Risks

- Firefighting vehicles
- Uniform and protective clothing
- Sleeping quarters for firefighters
- Outdated equipment's
- Working conditions
- Shortage of staff

Budget

- Firefighting budget is R399, 992, 00.
- Only fuel and maintenance is included in the above.

Capital Projects

None

Vehicles/Apparatus

DESCREPTION	NUMBER
Water tanker	0
Heavy duty pumper	0
Medium pumper	1
Medium rescue apparatus	1
Aerial appliance	0
Rapid intervention	0
Hazmat unit/trailers	0
Skid units	3
LDV,s	0
Reserve vehicle	0

Proposed Capital Projects for 2019/20

- Renovation of Estcourt fire station,
- Building of substations in Weenen, Loskop, and Ntabamhlophe,
- Fire prevention vehicle,

- 4x medium pumper,
- 4x4 rapid intervention vehicle x4,
- Water tanker
- New equipment's and tools

Current Vehicle Status

MAKE	CATEGORY	REMARKS
Gmc	Mini pumper	Recommended write off
Dennis	Medium pumper	Radiator broken
Mercedes ate go	Medium pumper	Rent to purchase
Land rover	Mini pumper	Rent to purchase

Future Satellite Fire Stations

- Weenen
- Loskop
- Ntabamhlophe

Fire Safety

BUILDING PLANS & NEW BUILDING PROJECTS	○ 92 Plans Inspected.		
TRADE & LIQUOR LICENSE INSPECTIONS	○ 40 Premises were inspected.		
GENERAL INSPECTIONS	○ 73 Premises were inspected.		
ADMINISTRATION	All administration related to Fire Safety duties such as: compiling of all reports and memos, compliance & non-compliance notices, inspection reports, issuing and renewing all Certificate of Registrations, tariff of charges and account calculations, filing, legislation research, compiling of evacuation plans & procedures, permits for the display of fireworks were issued, POE files, additions and alterations to Fire Safety training power point presentations, email correspondence, compiling of vehicle log sheets, advising of building fire requirements and regulations and all other related administrative functions were performed.		
ACCOUNTS PROCESSED	MONTH:	YEAR:	ACCOUNT VALUE:
	July	2018	R15 307,00
	August	2018	-
	September	2018	R4365,40
	October	2018	-
	November	2018	R6542,35

	December	2018	R10 318,95
	January	2019	R5553,35
	February	2019	-
	March	2019	R11053,22
	April	2019	R8040,80
	May	2019	R11 428,70
	June	2019	R10 094,70
	PROJECTED TOTAL INCOME:		R82 704,47
MEETINGS ATTENDED	15		
GENERAL	○ Attended 06 Emergency calls. ○ Attended 02 Complaints. ○ Other general functions pertaining to fire safety was performed.		

Conclusion

Firefighting service has been designated as an essential service: Government notice no. 18276 of 12 September 1997.

An essential service is defined in section 213 of the Labour Relations Act. In terms of this section a service is deemed as an essential service if can be shown that an interruption of that service would: Endanger the life, personnel safety or health of the whole or any part of the population.

Fire service is a line function of the organisation, which means it contribute directly to the provision of services to the customer (community), it is critical as it provides first response to life threatening emergencies and in area where service is weak /without capacity, a routine emergency can have disastrous consequences, this means that it deserves to be put as ILM issue.

5. Disaster Management

Background

Inkosi Langalibalele municipality had as it's is located in the high and low escarpment of Drakensberg mountains we experience various types of weather condition throughout the year, we have perennial river's and no perennial rivers such as Umtshezi river which passing across of our CBD, Injasuthi river from Drakensberg passing long side of Amangwe to join Uthukela and Incibidwane river also from Drakensberg to Umtshezi river those rivers accumulating very strong flooding, due to heavy rainfall. In this area we can experience, floods, draught, hailstorm and lightening.

Purpose

The main aim of this report is to report the incidents that affected Inkosi Langalibalele municipality during the beginning July 2018 to June 2019.

It's to report the number of households affected

It to report the number of fatalities and injuries coursed to all 23 Wards

It's to assess and identify the most affected and vulnerable areas or wards

Discussion

We have had severe thunder storm accompanied by strong wind and heavy rain fall, which left our community devastated without food, shelter, electricity and bridges at Inkosi Langalibalele local Municipality.

- In July 2018 there was one (1) incident reported at Ward 1, Strong wind
- In August there was one (1) incidents reported in Ward 2 ,Strong wind 6 households affected
- In September ward 3 there was an incidents affected 44 households at KwaVala cause by Strong wind
- In October there was incidents in Ward 4 Emahlutshini
- In November there was incidents in Wards 19,20,21,22 Emsobotsheni households affected 10
- In December there was an incidents in Ward 12 Dlamin cause by Strong wind 7 households affected
- In January incidents at Ward 21 Gunnerhoek cause by Structural fire 7 households affected
- In March there was massive incidents in wards 3,10,19,21.22.23 Strong wind and hailstorms households affected
- In April there was an incidents in wards 5,8,21,22,cause by Heavy rain households affected 69
- In May there was an incidents in ward 3,20.23,
- In June there was an incidents in ward 21,22 only 2 households affected

From July 2018 to June 2019 Total of 213 the households affected by Strong Wind, Hailstorm, Structural fire

The most affected Wards was 1,3,5,,7,8,9,10.11,12,18,19,20,21,22,23

Respond

Inkosi Langalibalele Municipality Disaster Team responds when there is a reported incidents or disaster in all 23 Wards. Inkosi Langalibalele municipality responded to those who were affected within 6 hours with UThukela Disaster team, NGO, SASSA.

Intervention

Interventions were done by our Disaster Team Inkosi Langalibalele. SASSA and Alimdad Foundation did help. SASSA at the incident of lightning did assist with food voucher and arrange for DSD and Home Affaires to assist. UThukela Disaster Team did assisted us by temporal shelters where there is necessary or needy



Images of the Intervention.

Recommendation

- We need Disaster centre that will have adequate resources.

Disaster Risk Reduction

Municipality	DM Policy Framework	DM Plan	DM/IDP Sector Plan	Fire Safety and Prevention Plan	Winter Season Plan	Summer Season Plan	DM/Fire Bylaws
Inkosi Langalibalele	☐	☐	☐	☐	☐	☐	☐
	☐	☐	☐	☐	☐	☐	☐
	☐	☐	☐	☐	☐	☐	☐
	☐	☐	☐	☐	☐	☐	☐
	☐	☐	☐	☐	☐	☐	☐
	☐	☐	☐	☐	☐	☐	☐

<u>Targets</u>	<u>1st Quarter</u>			<u>2nd Quarter</u>			<u>3rd Quarter</u>			<u>4th Quarter</u>		
Type of Incidents	J	A	S	O	N	D	J	F	M	A	M	J
Strong Wind		2	41	1	7	7	5	0	0	0	4	0
Heavy Rainfall					4		0	23	10	9	0	0
Lightning			1		1			0		1	1	0
Hail Storm								0	62	0	0	0
Structural Fire	1	1	2					1		0	1	2
Fire & Rescue Response	30	65	29	25	32	23						
Total	31	68	77	26	44	30	50	24	72	10	6	2

Disaster Response and Recovery

Emergency Stock	Relief	October	November	December	Total	Remaining Stock
Blankets		0	0	0		0
Tents		0	0	0		8
Temporal Shelter		0	0	0		0
Plastic sheets		0	0	0		48
Box B		0	0	0		6

SOCIAL SERVICES (Special Programmes)

Inkosi Langalibalele Local Municipality Reports the Special Programmes that took place during the 2018/2019 financial year

- Introduction
- Activities
- Achievements
- Challenges
- Closure

Introduction

Inkosi Langalibalele Local Municipality is a result of a matrimony between Imbabazane and uMtshezi LM. The itinerary for July 2018 and June 2019 was crafted to be rolled out for the period of 12 months. Special programmes manager is always tasked to coordinate these outreach as per the SDBIP expectations. Below is the evidence of activities that guided the consolidated work plan to carry out outreach programs.

2018- July Intervention in school violence in ward 09 and 17



July 2018-OSS outreach in ward 07



August 2018- Women indaba in ward 12



September 2018-OSS outreach in ward 11



December 2018-OSS outreach program in ward 13



OSS outreach program in ward 13



December 2018-Road safety campaigns



January 2019- Back to school in ward 11



#Fitspiration

Feb.07,2019



YouCam

March 2019 Luncheon clubs visit in ward 06





World Ocean day commemoration -08 June 2019

- Waste management Program- ward 10 Nestle in partnership with the ILM
- 2019 environmental and ocean day commemoration



18 Schools participated in the programme that aimed at promoting Reduce, Re-use and Recycling. The Municipal traffic official is seen giving participants marching orders of Fashion parade that was to take place at Victoria Street Estcourt.

June 2019-Fire awareness campaign

- This Campaign took place at Bonokuhle High School-Loskop (ward 2) and Bhekhathina High School Ntabamhlophe (ward 13)



CHALLENGES

- Unavailability of transport to programmes causes major inconvenience.
- Department needs an extra van to preform optimally especially for the transportation of branding and PA system.

- Local Councillors sometimes fail to be part of these outreach programmes.
- The OSS programmes are threatened by cutting down of the budget to zero which serves as an impediment to service delivery.

RECOMMENDATIONS

- Inkosi Langalibalele LM potential of making a great difference has to be considered seriously when budget allocation is done.
- These consolidated programmes have uprooted potential even to those people who works outside the town as they are supported at all costs through various interventions.
- The Al -Imdaad foundation remains the only reliable partner in all the outreach programmes, they only give out items and not monetary contributions.
- Training to be provided to councillors on ward based structures is a necessity since some of them remains an issue of tokenism/talkenism.

CHAPTER 4: ORGANISATIONAL DEVELOPMENT PERFORMANCE

Component A: Introduction into Municipal Personnel

Employees Total, Turnover and Vacancies

The Municipal Manager is appointed on a fixed term contract in terms of Section 54 of the Municipal Systems Act 32 of 2000, as amended. The General Manager Corporate Services, General Manager Community Services and The Chief Finance Officer are appointed on permanent basis. Then The Municipal Manager and General Manager: Public Works and Basic Services (Civil and Electricity) were appointed in the last financial year on contract basis then the General Manager Development Planning is still vacant.

Management Team

Names and Surname	Positions	Filled
Mr P.S. Mkhize	Municipal Manager	Yes
Mr S.P Radebe	Chief Financial Officer	Yes
Mr H.B. Chotoo	General Manager: Corporate Services	Yes
Ms Z.M. Ndlela	General Manager: Community	Yes
Mrs S.R. Zwane	General Manager: Public Works and Basic Services (Civil)	Yes
Vacant	General Manager: Development Planning	No

Employees and Vacancies as at 30 June 2018

Approved Policies 2018/2019 Financial Year

Budget and Treasury Office

- Budget policy
- Car Allowance Policy
- Bad Debt & Write Off Policy
- Customer Care Credit Control & Debt Collection Policy
- Rates Policy
- Rates Policy
- Tariffs Policy
- Funding & Reserve Policy

- SCM Policy
- Fleet Management Policy
- Unallocated Revenue Policy

Office of the MM

- Communications Strategy
- PMS Policy Framework

Development Planning

- Contractor Development Policy
- GIS Policy
- Informal Traders Policy
- Land Alienation Policy

Public Works and Basic Services (Civil)

- Appointment of Consultant Policy
- Cession Policy
- Design of Storm Water Drainage & Storm water Management Systems Policy

Community Services

- Hall Hire Policy
- Pool Policy

Human Resource Policies

- Acting Policy
- Common Business Language Policy
- Communication Policy
- Confidentiality Policy
- Conflict of interest Policy
- Disciplinary Code& Procedure Policy
- Dress Code policy
- Employee Wellness Policy
- Employment Benefits Policy
- Grievance Procedure Policy
- Harassment Policy
- Leave Policy
- Occupational Health & Safety Policy
- Promotion & Remuneration Policy
- Recruitment, Selection, Appointment & Retention Policy
- Smoking Policy
- Subsistence & Travel Policy
- Training & Development Policy
- Working hours, overtime & Moonlight Policy
- Access to Personal files Policy
- Code of Conduct Policy
- Organizational Design Policy

- Night Work Allowance Policy
- Standby Allowance Policy
- Substance Abuse Policy
- Vehicle Allowance Policy
- In Service Training Policy

ADDED IN 2019/2020 FINANCIAL YEAR

- Employment Equity Policy
- HIV & Aids Policy
- Induction Policy
- Medical Examination Policy
- Termination Policy

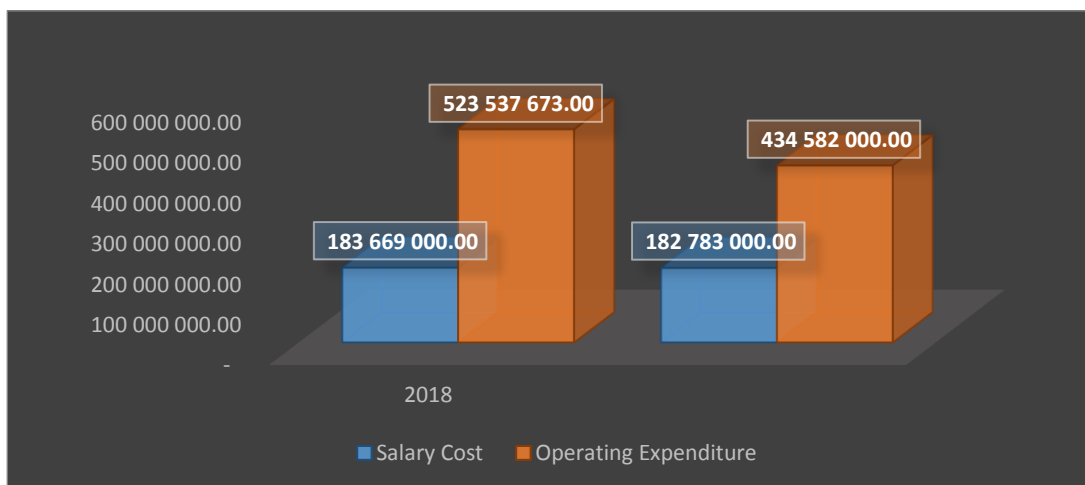
Component B: Managing the Workforce Expenditure

Section 66 of the Local Government Municipal Financial Management Act 56 Of 2003, states that the accounting officer of a municipality must, in a format and for periods as maybe prescribed, report to the council on all expenditure incurred by the municipality on staff salaries, wages, allowances and benefits, and in a manner that discloses such expenditure type of expenditure.

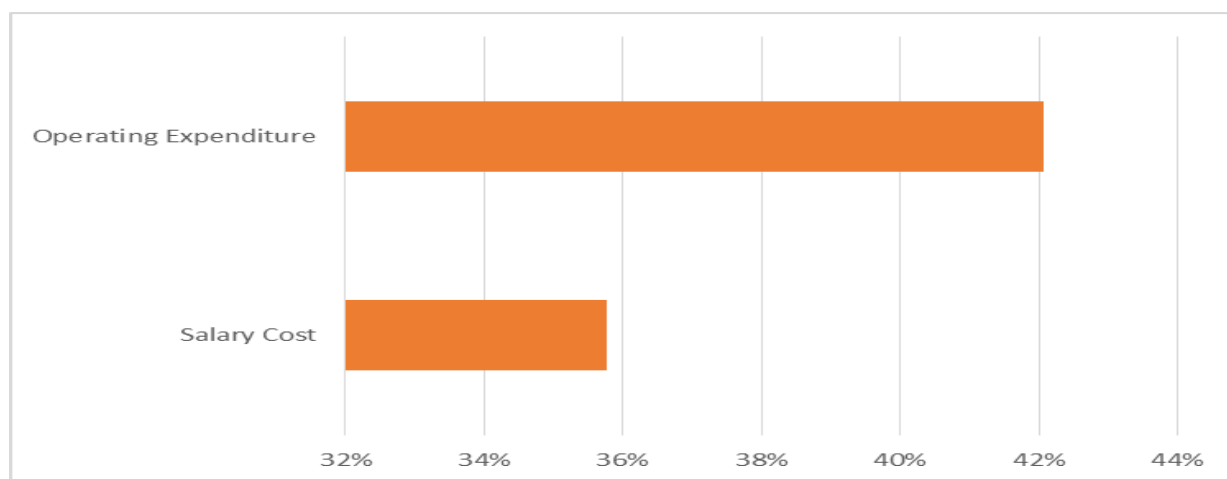
4.3. Councillors and Employee Expenditure

The cost for salaries for employees for the period under review was **R163 751 214** whilst the allowances for the Councillors totalled **R14 392 555** this totalled **R182 783 266** other operating expenditure amounted to **R512 678 000**.

Table 1 Employee Related Expenditure



Percentage of council & employee Related cost of Operating Expenditure



Grants

Details	Account Number	Opening Balance	Adjustments	Funds Received	Expenditure	Closing Balance
Conditional / CAPEX						
MIG	62232266991	0.00		36,949,000.00	36,949,000.00	0.00
INEP	62347581060	6,983,073.87	-6,983,073.87	14,000,000.00	13,944,037.76	55,962.24
EPWP	62778010969	0.00		1,387,000.00	1,387,000.00	0.00
MDTG	62778011529	5,426,401.20	-5,426,401.20		0.00	0.00
FMG	62778013369	822,898.45	-822,898.45	3,670,000.00	3,621,864.88	48,135.12
Provincialization of Library	62778014648	1,039,874.37		5,028,000.00	5,301,335.36	766,539.01
Community Library Services	62778014648	0.00		591,000.00	591,000.00	0.00
Museum Grant	62778045589	110,841.43		368,000.00	337,360.00	141,481.43
Work Study Grant	62778016115	0.00				0.00
Scheme Support Grant	62778016743	216,027.00			216,027.00	0.00
By -Laws	62033811995	12,297.52			12,297.52	0.00
Record Management Grant	62281385130	2,800.00				2,800.00
Development Planing Grant	62216019019	300,000.00			188,676.60	111,323.40
SMALL TOWN REHABILITATIO	62347582050	1,908,205.26		0.00	1,908,205.26	0.00
SPORT INFRASTRUCTURE	62216024737	1,912.00				1,912.00
IDP GRANT	62778018517	12,770.00				12,770.00
NYDA	62778047650	216,027.00			206,110.00	9,917.00
Housing Development	62299691686	4,138,494.86		3,788,392.10	5,760,675.75	2,166,211.21
LED Grant		0.00		400,000.00	49,500.00	350,500.00
SDF		0.00		1,000,000.00		1,000,000.00
Building Plans Grant		0.00		500,000.00		500,000.00
Massification Grant				1,500,000.00	1,500,000.00	0.00
Sports Grant				50,000.00	3,912.00	46,088.00
MSIG		-		1,055,000.00	0.00	1,055,000.00
TOTAL		21,191,622.96	(13,232,373.52)	70,286,392.10	71,977,002.13	6,268,639.41

Asset Management

Financial Ratios Based on Key Performance Indicator

The liquidity ratio is calculated on the basis of current assets divided by current liabilities. The liquidity ratio is a measure of the ability of the municipality to utilize cash and cash equivalents to extinguish or retire its current liabilities immediately. Ideally the municipality should have the equivalent cash and cash equivalents on hand to meet at least the current liabilities, which should translate into a liquidity ratio of 1. Anything below 1 indicates a shortage in cash to meet creditor obligations.

For the 2018/19 financial year the ratio was.

Liquidity Ratio	2017/2018	2018/2019
-----------------	-----------	-----------

Monetary Assets	R275 027 793	R313 777 000
Current Liabilities	R175 970 825	R111 502 000
Ratio	1:1.57	1:2.8

Cost Coverage

The cost coverage ratio is the ratio of the available cash plus Investments divided by monthly fixed operational expenditure. At the end of the financial year the municipality has doubled the ability to pay its employees' remuneration and councillor allowances

Year	Available Cash + Investments	Fixed Operational Expenditure / Employee Cost and Councillor Remuneration	Ratio
2017/2018	R2 429 334	R183 668 574	0
2018/2019	R33 253 000	R 178 705 375	0

Capital Charges to Operating Expenditure

The cost required to service external interest on borrowings and depreciation. It is effectively the ongoing operating cost associated with infrastructural development.

Year	Capital Charges	Operating Expenditure	Percentage
2017/2018	R4 869 501	R523 537 673	0.9%
2018/2019	R8 834 000	R434 582 000	2%

Employee Costs

Employee costs are calculated as a percentage of total revenue excluding capital revenue. This ratio indicates the extent to which revenue is applied to the payment of personnel.

Year	Employee Costs	Operating Revenue	Percentage
2017/2018	R183 668 574	R353 211 795	51%
2018/2019	R178 705 375	R500 863 000	36%

5.4.8. Repairs and Maintenance

This ratio indicates the extent of repairs and maintenance expenditure relative to total operating expenditure. The ratio will indicate whether there are insufficient monies being spent on repairs and maintenance and that possible asset stripping is taking place:

Year	Repairs and Maintenance	Operating Revenue	Percentage
2017/2018	R9 363 000	R353 211 795	2.7%
2018/2019	R14 813 000	R346 385 000	4.3%

Component C: Spending Against Capital Budget

Capital Expenditure

The total capital expenditure for 2018/19 was funded from the following sources:

Funding Source	Actual	Budgeted
MIG	R39 174 000	R39 174 000
INEP	R14 000 000	R 14 000 000
COGTA	R 1 500 000	R1 500 000
Housing	R5 760 000	R 2 670 000
Internally Generated	R2 765 000	R4 825 000

Sources of Finance

The Municipality's sources of capital finance are;

- Internally generated funds
- Municipal Infrastructure Grant Funding (MIG) which is used for infrastructure development projects

CHAPTER 5: FINANCIAL PERFORMANCE

Component A: Statement of Financial Performance

(Annexure A)

Component B: Cash Flow Management and Investment

(Included in annexure A)

CHAPTER 6: AUDITOR GENERAL'S FINDINGS
(Annexure B)

ANNUAL PERFORMANCE REPORT AND ASSESSMENT OF SERVICE PROVIDERS
(Annexure C)



Inkosi Langalibalele

Inkosi Langalibalele Municipality
Annual Financial Statements
for the year ended 30 June 2019

Inkosi Langalibalele Municipality

(Registration number KZN237)

Annual Financial Statements for the year ended 30 June 2019

General Information

Mayoral committee

Mayor

Ms. J M Mbhele

Councillors

Mr. S A Mdakane - Speaker & Ward 4 Councillor

Mr. B A Dlamini - Deputy Mayor & EXCO Member

Mr. N E Mazibuko - Chief Whip & PR Councillor

Mr. M B A Khanyile - EXCO Member & PR Councillor

Mr. B P Mlotshwa - EXCO Member & PR Councillor

Mr. M C Mkhize - EXCO Member & Ward 16 Councillor

Mr. E M Majola - EXCO Member & PR Councillor

Ms. M D Mazibuko - EXCO Member & PR Councillor

Ms. X Mokadi - EXCO Member & PR Councillor

Ms. E Lite - EXCO Member & Ward 10 Councillor

Ms. P P Mgaga - Ward 1

Mr. N F Dlangalala - Ward 2

Mr. B N Mpembe - Ward 3

Mr. S E Mbongwa - Ward 5

Mr. E S Ndumo - Ward 6

Mr. T M Mvelase - Ward 7

Mr. B T Mngadi - Ward 8

Mr. B S Dladla - Ward 9

Mr. B E Nkala - Ward 11

Mr. S B Zondi - Ward 12

Mr. L M Mlaba - Ward 13

Mr. S P Vilakazi - Ward 14

Mr. T P Dubazane - Ward 15

Mr. N Mvelase - Ward 17

Mr. S V Ndwandwe - Ward 18

Mr. S N Mchunu - Ward 19

Mr. M M Mncube - Ward 20

Mr. B Dhladla - Ward 21

Mr. L M Mvelase - Ward 22

Mr. P B Mngadi - Ward 23

Ms. T P Shelembe - PR

Mr. U Chetty - PR

Mr. N E Sithole - PR

Ms. G E Mbhele - PR

Mr. S W Khumalo - PR

Mr. K A Vilakazi - PR

Mr. M A Zulu - PR

Ms MW Lutuli - PR

Mr. S M Mbhele - PR

Ms. S F Khumalo - PR

Ms. Y N Dlamini - PR

Ms. N M Hlongwane - PR

Ms. T O Shandu - PR

Ms. Z P Sikhosana - PR

Mr. M M Nkala - PR

Mr. SS Mzimela - PR

Inkosi Langalibalele Municipality

(Registration number KZN237)

Annual Financial Statements for the year ended 30 June 2019

General Information

Grading of local authority	Grade 3
Chief Finance Officer (CFO)	Mr S Radebe
Accounting Officer	Mr. P S Mkhize
Registered office	Civic Building Victoria Street Estcourt 3310
Postal address	P.O. Box 15 Estcourt 3310
Bankers	First National Bank
Auditors	Auditor General of South Africa
Attorneys	Xaba Attorneys PKX Attorneys Gcolotela & Peter Inc.

Inkosi Langalibalele Municipality

(Registration number KZN237)

Annual Financial Statements for the year ended 30 June 2019

Index

The reports and statements set out below comprise the annual financial statements presented to the provincial legislature:

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COIDA	Compensation for Occupational Injuries and Diseases
CRR	Capital Replacement Reserve
DBSA	Development Bank of South Africa
GRAP	Generally Recognised Accounting Practice
HDF	Housing Development Fund
CIGFARO	Chartered Institute of Government Finance Audit and Risk Officers
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant (Previously CMIP)
GAMAP	Generally Accepted Municipal Accounting Practice

Inkosi Langalibalele Municipality

(Registration number KZN237)

Annual Financial Statements for the year ended 30 June 2019

Accounting Officer's Responsibilities and Approval

The accounting officer is required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the accounting officer to ensure that the annual financial statements fairly present the state of affairs of the municipality as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and was given unrestricted access to all financial records and related data.

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The accounting officer acknowledges that he is ultimately responsible for the system of internal financial control established by the municipality and place considerable importance on maintaining a strong control environment. To enable the accounting officer to meet these responsibilities, the municipality sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the municipality and all employees are required to maintain the highest ethical standards in ensuring the municipality's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the municipality is on identifying, assessing, managing and monitoring all known forms of risk across the municipality. While operating risk cannot be fully eliminated, the municipality endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The accounting officer is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The accounting officer has reviewed the municipality's cash flow forecast for the year to 30 June 2020 and, in the light of this review and the current financial position, he is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

The municipality is wholly dependent on income from Services Charges, Property Rates and Grant Funding for continued funding of operations. The annual financial statements are prepared on the basis that the municipality is a going concern and that the Inkosi Langalibalele Municipality has neither the intention nor the need to curtail materially the scale of the municipality.

The annual financial statements set out on pages 5 to 60, which have been prepared on the going concern basis, were presented to Council on 29 August 2019 and were signed on its behalf by:

Mr. P S Mkhize
Accounting Officer

Inkosi Langalibalele Municipality

(Registration number KZN237)

Annual Financial Statements for the year ended 30 June 2019

Statement of Financial Position as at 30 June 2019

Figures in Rand	Note(s)	2019	2018 Restated*
Assets			
Current Assets			
Inventories	7	10 304 581	10 262 612
Receivables from exchange transactions	8	47 605 846	115 768 744
Receivables from non-exchange transactions	9	95 444 025	72 051 264
VAT receivable	10	-	47 861 304
Cash and cash equivalents	11	8 393 111	5 968 586
		161 747 563	251 912 510
Non-Current Assets			
Investment property	2	91 133 576	91 290 362
Property, plant and equipment	3	720 691 394	734 019 830
Intangible assets	4	26 986	58 551
Heritage assets	5	9 245 875	9 245 875
		821 097 831	834 614 618
Total Assets		982 845 394	1 086 527 128
Liabilities			
Current Liabilities			
Financial liabilities	14	1 243 415	1 494 132
Finance lease obligation	12	382 908	515 370
Payables from exchange transactions	16	121 820 235	142 532 613
VAT payable	17	7 677 267	-
Consumer deposits	18	4 903 688	4 794 618
Unspent conditional grants and receipts	13	11 555 610	20 394 958
Bank overdraft	11	-	3 539 252
		147 583 123	173 270 943
Non-Current Liabilities			
Financial liabilities	14	3 755 131	5 053 240
Finance lease obligation	12	173 633	3 165 544
Employee benefit obligation	6	29 152 208	25 623 000
Provisions	15	28 654 495	27 725 685
		61 735 467	61 567 469
Total Liabilities		209 318 590	234 838 412
Net Assets		773 526 804	851 688 716
Accumulated surplus		773 526 804	851 688 716

* See Note 37

Inkosi Langalibalele Municipality

(Registration number KZN237)

Annual Financial Statements for the year ended 30 June 2019

Statement of Financial Performance

Figures in Rand	Note(s)	2019	2018 Restated*
Revenue			
Revenue from exchange transactions			
Service charges	20	239 526 949	221 376 503
Rental of facilities and equipment	21	197 318	203 212
Other income		1 925 748	2 378 756
Impairment Gain on Trade & Other Receivables		-	13 989 533
Interest received - investment	22	1 696 440	444 883
Total revenue from exchange transactions		243 346 455	238 392 887
Revenue from non-exchange transactions			
Taxation revenue			
Property rates	23	47 873 594	88 955 621
Property rates - penalties imposed	23	22 159 970	18 608 707
Licences and Permits (Non-exchange)		3 959 398	4 359 527
Interest and Rent on Land		22 700	-
Transfer revenue			
Government grants & subsidies	24	227 062 611	211 426 085
Fines, Penalties and Forfeits		3 687 670	2 895 053
Total revenue from non-exchange transactions		304 765 943	326 244 993
Total revenue	19	548 112 398	564 637 880
Expenditure			
Employee related costs	25	(180 985 004)	(169 549 797)
Remuneration of councillors	26	(15 412 694)	(14 118 777)
Depreciation and amortisation	27	(51 680 809)	(37 277 779)
Finance costs	28	(5 331 203)	(4 869 501)
Debt Impairment	29	(143 041 869)	(1 911 210)
Bad debts written off		(4 566 273)	-
Bulk purchases	30	(153 288 831)	(168 853 164)
Contracted services	31	(64 098 870)	(58 944 584)
Transfers and Subsidies		-	(30 899 337)
Impairment Losses & Derecognition - PPE		-	(5 429 967)
Actuarial losses		(1 451 208)	-
Inventories losses/write-downs		-	(307 954)
General Expenses	32	(35 814 785)	(31 375 603)
Total expenditure		(655 671 546)	(523 537 673)
(Deficit) surplus for the year		(107 559 148)	41 100 207

* See Note 37

Inkosi Langalibalele Municipality

(Registration number KZN237)

Annual Financial Statements for the year ended 30 June 2019

Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus	Total net assets
Balance at 01 July 2017	839 196 897	839 196 897
Changes in net assets		
Current Year Adjustment	11 340 213	11 340 213
Net income (losses) recognised directly in net assets	11 340 213	11 340 213
Surplus for the year	41 100 207	41 100 207
Total recognised income and expenses for the year	52 440 420	52 440 420
Prior Year Error	(39 948 601)	(39 948 601)
Total changes	12 491 819	12 491 819
Restated* Balance at 01 July 2018	851 688 716	851 688 716
Changes in net assets		
Surplus for the year	(107 559 161)	(107 559 161)
Movement in current year	29 397 249	29 397 249
Total changes	(78 161 912)	(78 161 912)
Balance at 30 June 2019	773 526 804	773 526 804

* See Note 37

Inkosi Langalibalele Municipality

(Registration number KZN237)

Annual Financial Statements for the year ended 30 June 2019

Cash Flow Statement

Figures in Rand	Note(s)	2019	2018 Restated*
Cash flows from operating activities			
Receipts			
Sale of goods and services		384 105 846	328 408 800
Grants		230 306 066	211 426 085
Interest income		1 696 440	444 883
Other receipts		9 792 834	9 836 548
		625 901 186	550 116 316
Payments			
Employee costs		(196 397 698)	(183 668 574)
Suppliers		(234 939 312)	(314 633 503)
Finance costs		(5 331 203)	(4 869 501)
		(436 668 213)	(503 171 578)
Net cash flows from operating activities	34	189 232 973	46 944 738
Cash flows from investing activities			
Purchase of property, plant and equipment	3	(38 184 324)	(40 566 482)
Cash flows from financing activities			
Repayment of financial liabilities		(1 548 826)	(1 427 190)
Finance lease payments		-	6 612 392
Net cash flows from financing activities		(1 548 826)	5 185 202
Net increase/(decrease) in cash and cash equivalents		5 963 777	19 132 200
Cash and cash equivalents at the beginning of the year		2 429 334	(16 702 866)
Cash and cash equivalents at the end of the year	11	8 393 111	2 429 334

* See Note 37

Inkosi Langalibalele Municipality

(Registration number KZN237)

Annual Financial Statements for the year ended 30 June 2019

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
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Figures in Rand

Statement of Financial Performance

Revenue

Revenue from exchange transactions

Service charges	233 955 907	11 204 000	245 159 907	239 526 949	(5 632 958)	
Rental of facilities and equipment	236 620	-	236 620	197 318	(39 302)	
Other income	4 033 109	(321 000)	3 712 109	1 925 748	(1 786 361)	
Interest received - investment	754 337	38 098	792 435	1 696 440	904 005	
Total revenue from exchange transactions	238 979 973	10 921 098	249 901 071	243 346 455	(6 554 616)	

Revenue from non-exchange transactions

Taxation revenue

Property rates	85 551 100	-	85 551 100	47 873 594	(37 677 506)	
Property rates - penalties imposed	672 190	-	672 190	22 159 970	21 487 780	
Licences and Permits (Non-exchange)	3 746 372	(190 000)	3 556 372	3 959 398	403 026	
Interest, Dividends and Rent on Land	-	-	-	22 700	22 700	

Transfer revenue

Government grants & subsidies	167 951 000	2 005 000	169 956 000	227 062 611	57 106 611	
Fines, Penalties and Forfeits	19 262 470	2 311	19 264 781	3 687 670	(15 577 111)	
Total revenue from non-exchange transactions	277 183 132	1 817 311	279 000 443	304 765 943	25 765 500	

Total revenue	516 163 105	12 738 409	528 901 514	548 112 398	19 210 884	
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Expenditure

Personnel	(151 713 562)	(19 095 000)	(170 808 562)	(183 006 758)	(12 198 196)	50.1
Remuneration of councillors	(17 778 577)	-	(17 778 577)	(15 412 694)	2 365 883	50.2
Depreciation and amortisation	(47 660 415)	-	(47 660 415)	(51 680 809)	(4 020 394)	50.3
Finance costs	(1 001 532)	(7 691 000)	(8 692 532)	(5 331 203)	3 361 329	50.4
Debt Impairment	(7 000 000)	-	(7 000 000)	(143 041 869)	(136 041 869)	50.5
Bad debts written off	-	-	-	(4 566 273)	(4 566 273)	
Bulk purchases	(173 220 976)	(6 779 000)	(179 999 976)	(153 288 831)	26 711 145	50.6
Contracted Services	(30 000 000)	(8 744 000)	(38 744 000)	(58 667 748)	(19 923 748)	50.7
General Expenses	(71 539 422)	14 485 000	(57 054 422)	(39 224 166)	17 830 256	50.9

Total expenditure	(499 914 484)	(27 824 000)	(527 738 484)	(654 220 351)	(126 481 867)	
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Operating deficit	16 248 621	(15 085 591)	1 163 030	(106 107 953)	(107 270 983)	
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Actuarial gains/losses	-	-	-	(1 451 208)	(1 451 208)	
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Deficit before taxation	16 248 621	(15 085 591)	1 163 030	(107 559 161)	(108 722 191)	
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Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	16 248 621	(15 085 591)	1 163 030	(107 559 161)	(108 722 191)	
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Inkosi Langalibalele Municipality

(Registration number KZN237)

Annual Financial Statements for the year ended 30 June 2019

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
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Figures in Rand

Statement of Financial Position

Assets

Current Assets

Inventories	2 776 140	-	2 776 140	10 304 581	7 528 441	
Receivables from exchange transactions	162 401 540	194 849 277	357 250 817	137 087 054	(220 163 763)	
Receivables from non-exchange transactions	-	-	-	95 444 025	95 444 025	
VAT receivable	-	-	-	89 481 208	89 481 208	
Cash and cash equivalents	(12 950 296)	(9 790 004)	(22 740 300)	8 393 111	31 133 411	
	152 227 384	185 059 273	337 286 657	340 709 979	3 423 322	

Non-Current Assets

Investment property	1 740 520	89 549 842	91 290 362	91 133 576	(156 786)	
Property, plant and equipment	809 292 400	(13 201 258)	796 091 142	768 662 288	(27 428 854)	
Intangible assets	474 880	(432 806)	42 074	26 987	(15 087)	
Heritage assets	10 977 360	-	10 977 360	9 246 170	(1 731 190)	
Employee benefit asset	-	-	-	3 907 792	3 907 792	
	822 485 160	75 915 778	898 400 938	872 976 813	(25 424 125)	

Total Assets	974 712 544	260 975 051	1 235 687 595	1 213 686 792	(22 000 803)	
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Liabilities

Current Liabilities

Loans from economic entities	3 937 900	-	3 937 900	-	(3 937 900)	
Financial liabilities	-	-	-	1 243 415	1 243 415	
Finance lease obligation	-	-	-	382 908	382 908	
Payables from exchange transactions	38 425 000	121 144 990	159 569 990	121 820 235	(37 749 755)	
VAT payable	-	-	-	97 158 475	97 158 475	
Consumer deposits	3 295 540	1 499 078	4 794 618	4 903 688	109 070	
Unspent conditional grants and receipts	-	-	-	11 555 610	11 555 610	
Provisions	23 298 800	(23 298 800)	-	-	-	
	68 957 240	99 345 268	168 302 508	237 064 331	68 761 823	

Non-Current Liabilities

Financial liabilities	10 090 140	(10 090 140)	-	3 755 131	3 755 131	
Finance lease obligation	-	-	-	173 633	173 633	
Employee benefit obligation	-	-	-	36 589 208	36 589 208	
Provisions	19 363 020	40 252 815	59 615 835	28 654 495	(30 961 340)	
	29 453 160	30 162 675	59 615 835	69 172 467	9 556 632	

Total Liabilities	98 410 400	129 507 943	227 918 343	306 236 798	78 318 455	
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Net Assets	876 302 144	131 467 108	1 007 769 252	907 449 994	(100 319 258)	
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Inkosi Langalibalele Municipality

(Registration number KZN237)

Annual Financial Statements for the year ended 30 June 2019

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Net Assets						
Net Assets Attributable to Owners of Controlling Entity						
Reserves						
Revaluation reserve	1 095 000	-	1 095 000	-	(1 095 000)	
Accumulated surplus	950 106 441	46 477 671	996 584 112	821 497 987	(175 086 125)	
Total Net Assets	951 201 441	46 477 671	997 679 112	821 497 987	(176 181 125)	

Inkosi Langalibalele Municipality

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Annual Financial Statements for the year ended 30 June 2019

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
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Figures in Rand

Cash Flow Statement

Cash flows from operating activities

Receipts

Sale of goods and services	266 661 021	9 690 000	276 351 021	307 032 229	30 681 208	
Grants	218 900 000	6 175 000	225 075 000	224 405 757	(669 243)	
Interest income	754 337	-	754 337	1 719 140	964 803	
Other receipts	23 426 077	3 402 000	26 828 077	10 677 468	(16 150 609)	
	509 741 435	19 267 000	529 008 435	543 834 594	14 826 159	

Payments

Employee costs	-	-	-	(198 422 062)	(198 422 062)	
Suppliers	(444 252 537)	(17 554 000)	(461 806 537)	(261 857 425)	199 949 112	
Finance costs	(1 001 532)	(7 691 000)	(8 692 532)	(5 213 149)	3 479 383	
	(445 254 069)	(25 245 000)	(470 499 069)	(465 492 636)	5 006 433	

Net cash flows from operating activities	64 487 366	(5 978 000)	58 509 366	78 341 958	19 832 592	
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Cash flows from investing activities

Proceeds from sale of property, plant and equipment	(53 649 000)	(6 295 000)	(59 944 000)	(38 184 324)	21 759 676	
Loans to economic entities repaid	(2 500 000)	-	(2 500 000)	(1 541 948)	958 052	

Net cash flows from investing activities	(56 149 000)	(6 295 000)	(62 444 000)	(39 726 272)	22 717 728	
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Net increase/(decrease) in cash and cash equivalents	8 338 366	(12 273 000)	(3 934 634)	5 963 777	42 550 320	
Cash and cash equivalents at the beginning of the year	(21 289 000)	23 718 334	2 429 334	2 429 334	-	
Effect of exchange rate movement on cash balances	(12 950 634)	11 445 334	(1 505 300)	-	1 505 300	

Cash and cash equivalents at the end of the year	(25 901 268)	22 890 668	(3 010 600)	8 393 111	44 055 620	
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Inkosi Langalibalele Municipality

(Registration number KZN237)

Annual Financial Statements for the year ended 30 June 2019

Accounting Policies

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act (Act 56 of 2003).

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise. They are presented in South African Rand.

A summary of the significant accounting policies, which have been consistently applied in the preparation of these annual financial statements, are disclosed below.

1.1 Presentation currency

These annual financial statements are presented in South African Rand, which is the functional currency of the municipality.

1.2 Going concern assumption

These annual financial statements have been prepared based on the expectation that the municipality will continue to operate as a going concern for at least the next 12 months.

1.3 Mergers

Definitions

Carrying amount of an asset or liability is the amount at which an asset or liability is recognised in the statement of financial position.

A merger is the establishment of a new combined municipality in which none of the former entities obtain control over any other and no acquirer can be identified.

Merger date is the date on which entities are combined for the mutual sharing of risks and benefits and when the assets and liabilities are transferred to the combined municipality.

A merger is the establishment of a new combined municipality in which none of the former entities obtains control over any other and no acquirer can be identified. As no acquirer can be identified, a merger does not result in a municipality having or obtaining control over any of the entities that are involved in the transaction or event, as the combining entities are not controlled entities of each other, either before or after the merger.

Accounting by the entity as the combined entity

Initial recognition and measurement

As of the merger date, the municipality recognises all the assets acquired and liabilities assumed. The assets acquired and liabilities assumed are measured at their carrying amounts.

If, prior to the merger, a combining municipality was not applying the accrual basis of accounting, that combining municipality changes its basis of accounting to the accrual basis of accounting prior to the merger.

The difference between the carrying amounts of the assets acquired and the liabilities assumed is recognised in accumulated surplus or deficit.

1.4 Investment property

Investment property is property (land or a building - or part of a building - or both) held to earn rentals or for capital appreciation or both, rather than for:

- use in the production or supply of goods or services or for
- administrative purposes, or
- sale in the ordinary course of operations.

Owner-occupied property is property held for use in the production or supply of goods or services or for administrative purposes.

Inkosi Langalibalele Municipality

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Annual Financial Statements for the year ended 30 June 2019

Accounting Policies

1.4 Investment property (continued)

Investment property is recognised as an asset when, it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the municipality, and the cost or fair value of the investment property can be measured reliably.

Investment property is initially recognised at cost. Transaction costs are included in the initial measurement.

Where investment property is acquired through a non-exchange transaction, its cost is its fair value as at the date of acquisition.

Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property. If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

Cost model

Investment property is carried at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is provided to write down the cost over the useful life of the property, which is as follows:

Item	Useful life
Property - land	indefinite
Property - buildings	30 years

Investment property is derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits or service potential are expected from its disposal.

1.5 Property, plant and equipment

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the municipality; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired through a non-exchange transaction, its cost is its fair value as at date of acquisition.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the entity is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

Inkosi Langalibalele Municipality

(Registration number KZN237)

Annual Financial Statements for the year ended 30 June 2019

Accounting Policies

1.5 Property, plant and equipment (continued)

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Items such as spare parts, standby equipment and servicing equipment are recognised when they meet the definition of property, plant and equipment.

Major inspection costs which are a condition of continuing use of an item of property, plant and equipment and which meet the recognition criteria above are included as a replacement in the cost of the item of property, plant and equipment. Any remaining inspection costs from the previous inspection are derecognised.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Land	Straight line	indefinite
Buildings	Straight line	4-53 years
Plant and machinery	Straight line	5-15 years
Furniture and fixtures	Straight line	5- 7 years
Motor vehicles	Straight line	5-7 years
Office equipment	Straight line	5-7 years
IT equipment	Straight line	3 years
Infrastructure	Straight line	10 years
Community	Straight line	30 years
Other property, plant and equipment	Straight line	3-10 years

The depreciable amount of an asset is allocated on a systematic basis over its useful life.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the municipality. The depreciation method applied to an asset is reviewed at least at each reporting date and, if there has been a significant change in the expected pattern of consumption of the future economic benefits or service potential embodied in the asset, the method is changed to reflect the changed pattern. Such a change is accounted for as a change in an accounting estimate.

The municipality assesses at each reporting date whether there is any indication that the municipality expectations about the residual value and the useful life of an asset have changed since the preceding reporting date. If any such indication exists, the municipality revises the expected useful life and/or residual value accordingly. The change is accounted for as a change in an accounting estimate.

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

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1.5 Property, plant and equipment (continued)

Assets which the municipality holds for rentals to others and subsequently routinely sell as part of the ordinary course of activities, are transferred to inventories when the rentals end and the assets are available-for-sale. Proceeds from sales of these assets are recognised as revenue. All cash flows on these assets are included in cash flows from operating activities in the cash flow statement.

The municipality separately discloses expenditure to repair and maintain property, plant and equipment in the notes to the financial statements (see note).

The municipality discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note).

1.6 Intangible assets

An asset is identifiable if it either:

- is separable, i.e. is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable assets or liability, regardless of whether the entity intends to do so; or
- arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the municipality or from other rights and obligations.

A binding arrangement describes an arrangement that confers similar rights and obligations on the parties to it as if it were in the form of a contract.

An intangible asset is recognised when:

- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality; and
- the cost or fair value of the asset can be measured reliably.

The municipality assesses the probability of expected future economic benefits or service potential using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset.

Where an intangible asset is acquired through a non-exchange transaction, its initial cost at the date of acquisition is measured at its fair value as at that date.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits or service potential.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

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1.6 Intangible assets (continued)

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Internally generated goodwill is not recognised as an intangible asset.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Item	Depreciation method	Average useful life
Computer software, other	Straight line	3 years

The municipality discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note).

1.7 Heritage assets

Assets are resources controlled by an municipality as a result of past events and from which future economic benefits or service potential are expected to flow to the municipality.

Class of heritage assets means a grouping of heritage assets of a similar nature or function in an municipality's operations that is shown as a single item for the purpose of disclosure in the annual financial statements.

Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire an asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the specific requirements of other Standards of GRAP.

Depreciation is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Heritage assets are assets that have a cultural, environmental, historical, natural, scientific, technological or artistic significance and are held indefinitely for the benefit of present and future generations.

An impairment loss of a cash-generating asset is the amount by which the carrying amount of an asset exceeds its recoverable amount.

An impairment loss of a non-cash-generating asset is the amount by which the carrying amount of an asset exceeds its recoverable service amount.

An inalienable item is an asset that an municipality is required by law or otherwise to retain indefinitely and cannot be disposed of without consent.

Recoverable amount is the higher of a cash-generating asset's net selling price and its value in use.

Recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use.

Value in use of a cash-generating asset is the present value of the future cash flows expected to be derived from an asset or cash-generating unit.

Value in use of a non-cash-generating asset is the present value of the asset's remaining service potential.

The municipality separately discloses expenditure to repair and maintain heritage assets in the notes to the financial statements (see note).

The municipality discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note).

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1.7 Heritage assets (continued)

Recognition

The municipality recognises a heritage asset as an asset if it is probable that future economic benefits or service potential associated with the asset will flow to the municipality, and the cost or fair value of the asset can be measured reliably.

Initial measurement

Heritage assets are measured at cost.

Where a heritage asset is acquired through a non-exchange transaction, its cost is measured at its fair value as at the date of acquisition.

1.8 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity.

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility.

A concessionary loan is a loan granted to or received by an entity on terms that are not market related.

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Derecognition is the removal of a previously recognised financial asset or financial liability from an entity's statement of financial position.

A derivative is a financial instrument or other contract with all three of the following characteristics:

- Its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract (sometimes called the 'underlying').
- It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors.
- It is settled at a future date.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, an entity shall estimate cash flows considering all contractual terms of the financial instrument (for example, prepayment, call and similar options) but shall not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate (see the Standard of GRAP on Revenue from Exchange Transactions), transaction costs, and all other premiums or discounts. There is a presumption that the cash flows and the expected life of a group of similar financial instruments can be estimated reliably. However, in those rare cases when it is not possible to reliably estimate the cash flows or the expected life of a financial instrument (or group of financial instruments), the entity shall use the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction.

A financial asset is:

- cash;
- a residual interest of another entity; or

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Accounting Policies

1.8 Financial instruments (continued)

- a contractual right to:
 - receive cash or another financial asset from another entity; or
 - exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity.

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

A financial liability is any liability that is a contractual obligation to:

- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the entity.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Liquidity risk is the risk encountered by an entity in the event of difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Loan commitment is a firm commitment to provide credit under pre-specified terms and conditions.

Loans payable are financial liabilities, other than short-term payables on normal credit terms.

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

A financial asset is past due when a counterparty has failed to make a payment when contractually due.

A residual interest is any contract that manifests an interest in the assets of an entity after deducting all of its liabilities. A residual interest includes contributions from owners, which may be shown as:

- equity instruments or similar forms of unutilised capital;
- a formal designation of a transfer of resources (or a class of such transfers) by the parties to the transaction as forming part of an entity's net assets, either before the contribution occurs or at the time of the contribution; or
- a formal agreement, in relation to the contribution, establishing or increasing an existing financial interest in the net assets of an entity.

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. An incremental cost is one that would not have been incurred if the entity had not acquired, issued or disposed of the financial instrument.

Financial instruments at amortised cost are non-derivative financial assets or non-derivative financial liabilities that have fixed or determinable payments, excluding those instruments that:

- the entity designates at fair value at initial recognition; or
- are held for trading.

Financial instruments at cost are investments in residual interests that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured.

Financial instruments at fair value comprise financial assets or financial liabilities that are:

- derivatives;
- combined instruments that are designated at fair value;

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Accounting Policies

1.8 Financial instruments (continued)

- instruments held for trading. A financial instrument is held for trading if:
 - it is acquired or incurred principally for the purpose of selling or repurchasing it in the near-term; or
 - on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit-taking;
 - non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; and
 - financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

1.9 Tax

Tax expenses

Normal tax expense

No provision has been made for taxation as the municipality is exempt from taxation in terms of section 10 (1) (A) or the Income Tax Act.

Value Added Tax (VAT):

The municipality accounts for VAT on the cash/payments basis, based on the approval received from the Commissioner for South African Revenue Services to an application by the Municipality, permission has been given to remit or claim for value added tax on the payments basis for receivables and payables.

1.10 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

When a lease includes both land and buildings elements, the entity assesses the classification of each element separately.

Finance leases - lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the .

Minimum lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of on the remaining balance of the liability.

Any contingent rents are expensed in the period in which they are incurred.

Operating leases - lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

1.11 Inventories

Inventories are initially measured at cost except where inventories are acquired through a non-exchange transaction, then their costs are their fair value as at the date of acquisition.

Subsequently inventories are measured at the lower of cost and net realisable value.

Inventories are measured at the lower of cost and current replacement cost where they are held for;

- distribution at no charge or for a nominal charge; or

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Accounting Policies

1.11 Inventories (continued)

- consumption in the production process of goods to be distributed at no charge or for a nominal charge.

Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution.

Current replacement cost is the cost the municipality incurs to acquire the asset on the reporting date.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

The cost of inventories is assigned using the formula. The same cost formula is used for all inventories having a similar nature and use to the municipality.

When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expenses are recognised when the goods are distributed, or related services are rendered. The amount of any write-down of inventories to net realisable value or current replacement cost and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value or current replacement cost, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1.12 Impairment of cash-generating assets

Cash-generating assets are assets used with the objective of generating a commercial return. Commercial return means that positive cash flows are expected to be significantly higher than the cost of the asset.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets used with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable amount of an asset or a cash-generating unit is the higher its fair value less costs to sell and its value in use.

Useful life is either:

- the period of time over which an asset is expected to be used by the municipality; or
- the number of production or similar units expected to be obtained from the asset by the municipality.

Judgements made by management in applying the criteria to designate assets as cash-generating assets or non-cash-generating assets, are as follows:

[Specify judgements made]

1.13 Impairment of non-cash-generating assets

Cash-generating assets are assets used with the objective of generating a commercial return. Commercial return means that positive cash flows are expected to be significantly higher than the cost of the asset.

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1.13 Impairment of non-cash-generating assets (continued)

Non-cash-generating assets are assets other than cash-generating assets.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets managed with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use.

Useful life is either:

- the period of time over which an asset is expected to be used by the municipality; or
- the number of production or similar units expected to be obtained from the asset by the municipality.

Judgements made by management in applying the criteria to designate assets as non-cash-generating assets or cash-generating assets, are as follows:

[Specify judgements made]

1.14 Share capital / contributed capital

An equity instrument is any contract that evidences a residual interest in the assets of an municipality after deducting all of its liabilities.

1.15 Employee benefits

Employee benefits are all forms of consideration given by an entity in exchange for service rendered by employees.

A qualifying insurance policy is an insurance policy issued by an insurer that is not a related party (as defined in the Standard of GRAP on Related Party Disclosures) of the reporting entity, if the proceeds of the policy can be used only to pay or fund employee benefits under a defined benefit plan and are not available to the reporting entity's own creditors (even in liquidation) and cannot be paid to the reporting entity, unless either:

- the proceeds represent surplus assets that are not needed for the policy to meet all the related employee benefit obligations; or
- the proceeds are returned to the reporting entity to reimburse it for employee benefits already paid.

Termination benefits are employee benefits payable as a result of either:

- an entity's decision to terminate an employee's employment before the normal retirement date; or
- an employee's decision to accept voluntary redundancy in exchange for those benefits.

Other long-term employee benefits are employee benefits (other than post-employment benefits and termination benefits) that are not due to be settled within twelve months after the end of the period in which the employees render the related service.

Vested employee benefits are employee benefits that are not conditional on future employment.

Composite social security programmes are established by legislation and operate as multi-employer plans to provide post-employment benefits as well as to provide benefits that are not consideration in exchange for service rendered by employees.

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1.15 Employee benefits (continued)

A constructive obligation is an obligation that derives from an entity's actions where by an established pattern of past practice, published policies or a sufficiently specific current statement, the entity has indicated to other parties that it will accept certain responsibilities and as a result, the entity has created a valid expectation on the part of those other parties that it will discharge those responsibilities.

Post-employment benefits

Post-employment benefits are employee benefits (other than termination benefits) which are payable after the completion of employment.

Post-employment benefit plans are formal or informal arrangements under which an entity provides post-employment benefits for one or more employees.

Multi-employer plans are defined contribution plans (other than state plans and composite social security programmes) or defined benefit plans (other than state plans) that pool the assets contributed by various entities that are not under common control and use those assets to provide benefits to employees of more than one entity, on the basis that contribution and benefit levels are determined without regard to the identity of the entity that employs the employees concerned.

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1.15 Employee benefits (continued)

Post-employment benefits: Defined benefit plans

Defined benefit plans are post-employment benefit plans other than defined contribution plans.

Actuarial gains and losses comprise experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred) and the effects of changes in actuarial assumptions. In measuring its defined benefit liability the entity recognise actuarial gains and losses in surplus or deficit in the reporting period in which they occur.

Assets held by a long-term employee benefit fund are assets (other than non-transferable financial instruments issued by the reporting entity) that are held by an entity (a fund) that is legally separate from the reporting entity and exists solely to pay or fund employee benefits and are available to be used only to pay or fund employee benefits, are not available to the reporting entity's own creditors (even in liquidation), and cannot be returned to the reporting entity, unless either:

- the remaining assets of the fund are sufficient to meet all the related employee benefit obligations of the plan or the reporting entity; or
- the assets are returned to the reporting entity to reimburse it for employee benefits already paid.

Current service cost is the increase in the present value of the defined benefit obligation resulting from employee service in the current period.

Interest cost is the increase during a period in the present value of a defined benefit obligation which arises because the benefits are one period closer to settlement.

Past service cost is the change in the present value of the defined benefit obligation for employee service in prior periods, resulting in the current period from the introduction of, or changes to, post-employment benefits or other long-term employee benefits. Past service cost may be either positive (when benefits are introduced or changed so that the present value of the defined benefit obligation increases) or negative (when existing benefits are changed so that the present value of the defined benefit obligation decreases). In measuring its defined benefit liability the entity recognise past service cost as an expense in the reporting period in which the plan is amended.

Plan assets comprise assets held by a long-term employee benefit fund and qualifying insurance policies.

The present value of a defined benefit obligation is the present value, without deducting any plan assets, of expected future payments required to settle the obligation resulting from employee service in the current and prior periods.

The return on plan assets is interest, dividends or similar distributions and other revenue derived from the plan assets, together with realised and unrealised gains or losses on the plan assets, less any costs of administering the plan (other than those included in the actuarial assumptions used to measure the defined benefit obligation) and less any tax payable by the plan itself.

The entity account not only for its legal obligation under the formal terms of a defined benefit plan, but also for any constructive obligation that arises from the entity's informal practices. Informal practices give rise to a constructive obligation where the entity has no realistic alternative but to pay employee benefits. An example of a constructive obligation is where a change in the entity's informal practices would cause unacceptable damage to its relationship with employees.

The amount recognised as a defined benefit liability is the net total of the following amounts:

- the present value of the defined benefit obligation at the reporting date;
- minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly;
- plus any liability that may arise as a result of a minimum funding requirement

The amount determined as a defined benefit liability may be negative (an asset). The entity measure the resulting asset at the lower of:

- the amount determined above; and
- the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. The present value of these economic benefits is determined using a discount rate which reflects the time value of money.

Any adjustments arising from the limit above is recognised in surplus or deficit.

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1.15 Employee benefits (continued)

The entity determine the present value of defined benefit obligations and the fair value of any plan assets with sufficient regularity such that the amounts recognised in the annual financial statements do not differ materially from the amounts that would be determined at the reporting date.

The entity recognises the net total of the following amounts in surplus or deficit, except to the extent that another Standard requires or permits their inclusion in the cost of an asset:

- current service cost;
- interest cost;
- the expected return on any plan assets and on any reimbursement rights;
- actuarial gains and losses;
- past service cost;
- the effect of any curtailments or settlements; and
- the effect of applying the limit on a defined benefit asset (negative defined benefit liability).

The entity uses the Projected Unit Credit Method to determine the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost. The Projected Unit Credit Method (sometimes known as the accrued benefit method pro-rated on service or as the benefit/years of service method) sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation.

In determining the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost, an entity shall attribute benefit to periods of service under the plan's benefit formula. However, if an employee's service in later years will lead to a materially higher level of benefit than in earlier years, an entity shall attribute benefit on a straight-line basis from:

- the date when service by the employee first leads to benefits under the plan (whether or not the benefits are conditional on further service); until
- the date when further service by the employee will lead to no material amount of further benefits under the plan, other than from further salary increases.

Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan. The results of the valuation are updated for any material transactions and other material changes in circumstances (including changes in market prices and interest rates) up to the reporting date.

The entity recognises gains or losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on a curtailment or settlement comprises:

- any resulting change in the present value of the defined benefit obligation; and
- any resulting change in the fair value of the plan assets.

Before determining the effect of a curtailment or settlement, the entity re-measure the obligation (and the related plan assets, if any) using current actuarial assumptions (including current market interest rates and other current market prices).

When it is virtually certain that another party will reimburse some or all of the expenditure required to settle a defined benefit obligation, the right to reimbursement is recognised as a separate asset. The asset is measured at fair value. In all other respects, the asset is treated in the same way as plan assets. In surplus or deficit, the expense relating to a defined benefit plan is [OR is not] presented as the net of the amount recognised for a reimbursement.

The entity offsets an asset relating to one plan against a liability relating to another plan when the entity has a legally enforceable right to use a surplus in one plan to settle obligations under the other plan and intends either to settle the obligations on a net basis, or to realise the surplus in one plan and settle its obligation under the other plan simultaneously.

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1.15 Employee benefits (continued)

Actuarial assumptions

Actuarial assumptions are unbiased and mutually compatible.

Financial assumptions are based on market expectations, at the reporting date, for the period over which the obligations are to be settled.

The rate used to discount post-employment benefit obligations (both funded and unfunded) reflect the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the post-employment benefit obligations.

Post-employment benefit obligations are measured on a basis that reflects:

- estimated future salary increases;
- the benefits set out in the terms of the plan (or resulting from any constructive obligation that goes beyond those terms) at the reporting date; and
- estimated future changes in the level of any state benefits that affect the benefits payable under a defined benefit plan, if, and only if, either:
 - those changes were enacted before the reporting date; or
 - past history, or other reliable evidence, indicates that those state benefits will change in some predictable manner, for example, in line with future changes in general price levels or general salary levels.

Assumptions about medical costs take account of estimated future changes in the cost of medical services, resulting from both inflation and specific changes in medical costs.

1.16 Provisions and contingencies

Provisions are recognised when:

- the municipality has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the municipality settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

A provision is used only for expenditures for which the provision was originally recognised.

Provisions are not recognised for future operating surplus (deficit).

If an entity has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

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Accounting Policies

1.16 Provisions and contingencies (continued)

A constructive obligation to restructure arises only when an entity:

- has a detailed formal plan for the restructuring, identifying at least:
 - the activity/operating unit or part of a activity/operating unit concerned;
 - the principal locations affected;
 - the location, function, and approximate number of employees who will be compensated for services being terminated;
 - the expenditures that will be undertaken; and
 - when the plan will be implemented; and
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

A restructuring provision includes only the direct expenditures arising from the restructuring, which are those that are both:

- necessarily entailed by the restructuring; and
- not associated with the ongoing activities of the municipality

No obligation arises as a consequence of the sale or transfer of an operation until the municipality is committed to the sale or transfer, that is, there is a binding arrangement.

After their initial recognition contingent liabilities recognised in entity combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 36.

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Loan commitment is a firm commitment to provide credit under pre-specified terms and conditions.

The municipality recognises a provision for financial guarantees and loan commitments when it is probable that an outflow of resources embodying economic benefits and service potential will be required to settle the obligation and a reliable estimate of the obligation can be made.

Determining whether an outflow of resources is probable in relation to financial guarantees requires judgement. Indications that an outflow of resources may be probable are:

- financial difficulty of the debtor;
- defaults or delinquencies in interest and capital repayments by the debtor;
- breaches of the terms of the debt instrument that result in it being payable earlier than the agreed term and the ability of the debtor to settle its obligation on the amended terms; and
- a decline in prevailing economic circumstances (e.g. high interest rates, inflation and unemployment) that impact on the ability of entities to repay their obligations.

Where a fee is received by the municipality for issuing a financial guarantee and/or where a fee is charged on loan commitments, it is considered in determining the best estimate of the amount required to settle the obligation at reporting date. Where a fee is charged and the municipality considers that an outflow of economic resources is probable, an municipality recognises the obligation at the higher of:

- the amount determined using in the Standard of GRAP on Provisions, Contingent Liabilities and Contingent Assets; and
- the amount of the fee initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the Standard of GRAP on Revenue from Exchange Transactions.

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Accounting Policies

1.16 Provisions and contingencies (continued)

Decommissioning, restoration and similar liability

Changes in the measurement of an existing decommissioning, restoration and similar liability that result from changes in the estimated timing or amount of the outflow of resources embodying economic benefits or service potential required to settle the obligation, or a change in the discount rate, is accounted for as follows:

If the related asset is measured using the cost model:

- changes in the liability is added to, or deducted from, the cost of the related asset in the current period.
- the amount deducted from the cost of the asset does not exceed its carrying amount. If a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in surplus or deficit.
- if the adjustment results in an addition to the cost of an asset, the entity consider whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If there is such an indication, the entity test the asset for impairment by estimating its recoverable amount or recoverable service amount, and account for any impairment loss, in accordance with the accounting policy on impairment of assets as described in accounting policy 1.12 and 1.13.

If the related asset is measured using the revaluation model:

- changes in the liability alter the revaluation surplus or deficit previously recognised on that asset, so that:
 - a decrease in the liability is credited directly to revaluation surplus in net assets, except that it is recognised in surplus or deficit to the extent that it reverses a revaluation deficit on the asset that was previously recognised in surplus or deficit; and
 - an increase in the liability is recognised in surplus or deficit, except that it is debited directly to revaluation surplus in net assets to the extent of any credit balance existing in the revaluation surplus in respect of that asset;
- in the event that a decrease in the liability exceeds the carrying amount that would have been recognised had the asset been carried under the cost model, the excess is recognised immediately in surplus or deficit;
- a change in the liability is an indication that the asset may have to be revalued in order to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the reporting date. Any such revaluation is taken into account in determining the amounts to be taken to surplus or deficit and net assets. If a revaluation is necessary, all assets of that class is revalued; and
- the Standard of GRAP on Presentation of Financial Statements requires disclosure on the face of the statement of changes in net assets of each item of revenue or expense that is recognised directly in net assets. In complying with this requirement, the change in the revaluation surplus arising from a change in the liability is separately identified and disclosed as such.

The adjusted depreciable amount of the asset is depreciated over its useful life. Therefore, once the related asset has reached the end of its useful life, all subsequent changes in the liability is recognised in surplus or deficit as they occur. This applies under both the cost model and the revaluation model.

The periodic unwinding of the discount is recognised in surplus or deficit as a finance cost as it occurs.

1.17 Commitments

Items are classified as commitments when an entity has committed itself to future transactions that will normally result in the outflow of cash.

Disclosures are required in respect of unrecognised contractual commitments.

Commitments for which disclosure is necessary to achieve a fair presentation should be disclosed in a note to the financial statements, if both the following criteria are met:

- Contracts should be non-cancellable or only cancellable at significant cost (for example, contracts for computer or building maintenance services); and
- Contracts should relate to something other than the routine, steady, state business of the entity – therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.

1.18 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

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1.18 Revenue from exchange transactions (continued)

An exchange transaction is one in which the municipality receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When services are performed by an indeterminate number of acts over a specified time frame, revenue is recognised on a straight line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by .

1.19 Revenue from non-exchange transactions

Revenue comprises gross inflows of economic benefits or service potential received and receivable by an municipality, which represents an increase in net assets, other than increases relating to contributions from owners.

Conditions on transferred assets are stipulations that specify that the future economic benefits or service potential embodied in the asset is required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

Control of an asset arise when the municipality can use or otherwise benefit from the asset in pursuit of its objectives and can exclude or otherwise regulate the access of others to that benefit.

Exchange transactions are transactions in which one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services, or use of assets) to another entity in exchange.

Expenses paid through the tax system are amounts that are available to beneficiaries regardless of whether or not they pay taxes.

Fines are economic benefits or service potential received or receivable by entities, as determined by a court or other law enforcement body, as a consequence of the breach of laws or regulations.

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, an municipality either receives value from another municipality without directly giving approximately equal value in exchange, or gives value to another municipality without directly receiving approximately equal value in exchange.

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1.19 Revenue from non-exchange transactions (continued)

Restrictions on transferred assets are stipulations that limit or direct the purposes for which a transferred asset may be used, but do not specify that future economic benefits or service potential is required to be returned to the transferor if not deployed as specified.

Stipulations on transferred assets are terms in laws or regulation, or a binding arrangement, imposed upon the use of a transferred asset by entities external to the reporting municipality.

Tax expenditures are preferential provisions of the tax law that provide certain taxpayers with concessions that are not available to others.

The taxable event is the event that the government, legislature or other authority has determined will be subject to taxation.

Taxes are economic benefits or service potential compulsorily paid or payable to entities, in accordance with laws and or regulations, established to provide revenue to government. Taxes do not include fines or other penalties imposed for breaches of the law.

Transfers are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes.

Recognition

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As the municipality satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

Measurement

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the municipality.

When, as a result of a non-exchange transaction, the municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

Fines

Fines are recognised as revenue when the receivable meets the definition of an asset and satisfies the criteria for recognition as an asset.

Assets arising from fines are measured at the best estimate of the inflow of resources to the municipality.

Where the municipality collects fines in the capacity of an agent, the fine will not be revenue of the collecting entity.

1.20 Investment income

Investment income is recognised on a time-proportion basis using the effective interest method.

1.21 Borrowing costs

Borrowing costs are interest and other expenses incurred by an entity in connection with the borrowing of funds.

Borrowing costs are recognised as an expense in the period in which they are incurred.

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Accounting Policies

1.22 Comparative figures

In accordance with GRAP 107 Mergers, comparative figures are not necessary.

1.23 Unauthorised expenditure

Unauthorised expenditure means:

- overspending of a vote or a main division within a vote; and
- expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

All expenditure relating to unauthorised expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.24 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.25 Irregular expenditure

Irregular expenditure as defined in section 1 of the PFMA is expenditure other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including -

- (a) this Act; or
- (b) the State Tender Board Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of the Act; or
- (c) any provincial legislation providing for procurement procedures in that provincial government.

National Treasury practice note no. 4 of 2008/2009 which was issued in terms of sections 76(1) to 76(4) of the PFMA requires the following (effective from 1 April 2008):

Irregular expenditure that was incurred and identified during the current financial and which was condoned before year end and/or before finalisation of the financial statements must also be recorded appropriately in the irregular expenditure register. In such an instance, no further action is also required with the exception of updating the note to the financial statements.

Irregular expenditure that was incurred and identified during the current financial year and for which condonement is being awaited at year end must be recorded in the irregular expenditure register. No further action is required with the exception of updating the note to the financial statements.

Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount condoned.

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the economic entity's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

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Accounting Policies

1.26 Budget information

Municipality are typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar.

General purpose financial reporting by municipality shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

The approved budget is prepared on an accrual basis and presented by functional classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 2017/07/01 to 2018/06/30.

The budget for the economic entity includes all the entities approved budgets under its control.

The annual financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts.

1.27 Related parties

A related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control.

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Joint control is the agreed sharing of control over an activity by a binding arrangement, and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control (the venturers).

Related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

Significant influence is the power to participate in the financial and operating policy decisions of an entity, but is not control over those policies.

Management are those persons responsible for planning, directing and controlling the activities of the municipality, including those charged with the governance of the municipality in accordance with legislation, in instances where they are required to perform such functions.

Close members of the family of a person are considered to be those family members who may be expected to influence, or be influenced by, that management in their dealings with the municipality.

The municipality is exempt from disclosure requirements in relation to related party transactions if that transaction occurs within normal supplier and/or client/recipient relationships on terms and conditions no more or less favourable than those which it is reasonable to expect the municipality to have adopted if dealing with that individual entity or person in the same circumstances and terms and conditions are within the normal operating parameters established by that reporting entity's legal mandate.

Where the municipality is exempt from the disclosures in accordance with the above, the municipality discloses narrative information about the nature of the transactions and the related outstanding balances, to enable users of the entity's financial statements to understand the effect of related party transactions on its annual financial statements.

1.28 Events after reporting date

Events after reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

The municipality will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

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Accounting Policies

1.28 Events after reporting date (continued)

The municipality will disclose the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.

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2. Investment property

	2019			2018		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	92 345 562	(1 211 986)	91 133 576	92 502 348	(1 211 986)	91 290 362

Reconciliation of investment property - 2019

	Opening balance	Depreciation	Total
Investment property	91 290 362	(156 786)	91 133 576

Reconciliation of investment property - 2018

	Opening balance	Total
Investment property	91 290 362	91 290 362

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

The valuation of the investment property was performed by MillsFithet Independent Valuers. The fixed date of valuation and the date of compilation as per the valuation report are 2 July 2012 and 19 April 2013 respectively. The fair value as at the date 2 July 2012 was R 3 500 000.

3. Property, plant and equipment

	2019			2018		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	156 354 400	-	156 354 400	156 354 400	-	156 354 400
Buildings	241 255 617	(133 061 477)	108 194 140	240 761 237	(130 498 946)	110 262 291
Plant and machinery	16 257 971	(15 251 867)	1 006 104	16 196 957	(14 188 219)	2 008 738
Furniture and fixtures	6 337 803	(5 507 064)	830 739	6 054 882	(5 334 161)	720 721
Motor vehicles	21 598 796	(17 867 476)	3 731 320	18 905 062	(16 742 948)	2 162 114
Office equipment	5 154 116	(3 655 722)	1 498 394	4 187 804	(3 531 815)	655 989
Infrastructure	602 050 856	(309 353 253)	292 697 603	575 462 453	(267 580 850)	307 881 603
Community	88 748 893	(25 101 532)	63 647 361	79 587 807	(22 045 159)	57 542 648
Security Assets	204 011	(160 735)	43 276	204 011	(137 329)	66 682
Work In progress	88 167 584	-	88 167 584	90 231 110	-	90 231 110
Finance Leased Assets	12 863 687	(8 343 236)	4 520 451	12 863 687	(6 730 153)	6 133 534
Total	1 238 993 734	(518 302 362)	720 691 372	1 200 809 410	(466 789 580)	734 019 830

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Figures in Rand

3. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2019

	Opening balance	Additions	Transfers	Depreciation	Total
Land	156 354 400	-	-	-	156 354 400
Buildings	110 262 291	-	494 380	(2 562 554)	108 194 117
Plant and machinery	2 008 738	-	61 014	(1 063 648)	1 006 104
Furniture and fixtures	720 722	-	282 921	(172 903)	830 740
Motor vehicles	2 162 114	-	2 693 734	(1 124 528)	3 731 320
Office equipment	655 989	-	966 312	(123 907)	1 498 394
Infrastructure	307 881 603	-	26 588 404	(41 772 404)	292 697 603
Community	57 542 648	-	9 161 086	(3 056 350)	63 647 384
Security Assets	66 681	-	-	(23 406)	43 275
Work In progress	90 231 110	38 184 324	(40 247 851)	-	88 167 583
Finance Leased Assets	6 133 534	-	-	(1 613 083)	4 520 451
	734 019 830	38 184 324	-	(51 512 783)	720 691 371

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Figures in Rand

3. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2018

	Opening balance	Additions	Transfers	Other changes, movements	Depreciation	Impairment loss	Total
Land	156 354 400	-	-	-	-	-	156 354 400
Buildings	111 648 019	-	1 828 577	(463 421)	(2 750 884)	-	110 262 291
Plant and machinery	4 901 977	-	106 281	(194 500)	(2 805 019)	-	2 008 739
Furniture and fixtures	850 487	-	32 015	-	(161 780)	-	720 722
Motor vehicles	3 967 884	-	-	-	(1 638 220)	(167 550)	17 970 961
Office equipment	799 080	-	196 516	-	(339 607)	-	655 989
Infrastructure	332 198 937	-	16 162 656	-	(39 794 720)	(685 270)	307 881 603
Community	55 201 159	-	5 216 118	-	(2 874 629)	-	57 542 648
Security Assets	121 456	-	-	-	(54 774)	-	66 682
Work in Progress	73 206 791	40 566 482	(23 542 163)	-	-	-	90 231 110
Finance Lease Assets	7 327 450	-	-	-	(1 193 916)	-	6 133 534
	746 577 640	40 566 482	-	(657 921)	(51 613 549)	(852 820)	734 019 830

Pledged as security

No Property Plant and Equipment was pledged as security for the year ended 30 June 2017.

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

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Annual Financial Statements for the year ended 30 June 2019

Notes to the Annual Financial Statements

Figures in Rand	2019	2018
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4. Intangible assets

	2019			2018		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, other	2 151 374	(2 124 388)	26 986	2 123 154	(2 064 603)	58 551

Reconciliation of intangible assets - 2019

	Opening balance	Amortisation	Total
Computer software, other	58 551	(31 565)	26 986

Reconciliation of intangible assets - 2018

	Opening balance	Amortisation	Total
Computer software, other	88 119	(29 568)	58 551

5. Heritage assets

	2019			2018		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Historical buildings	9 245 875	-	9 245 875	9 245 875	-	9 245 875

Reconciliation of heritage assets 2019

	Opening balance	Total
Historical buildings	9 245 875	9 245 875

Reconciliation of heritage assets 2018

	Opening balance	Total
Historical buildings	9 245 875	9 245 875

6. Employee benefit obligations

The amounts recognised in the statement of financial position are as follows:

Carrying value

Present value of the defined benefit obligation-partly or wholly funded	29 152 208	25 623 000
Non-current assets	3 907 792	-
Non-current liabilities	(33 060 000)	25 623 000
	(29 152 208)	25 623 000

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Notes to the Annual Financial Statements

Figures in Rand	2019	2018
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6. Employee benefit obligations (continued)

Changes in the present value of the defined benefit obligation are as follows:

Opening balance	25 623 000	25 623 000
Net expense recognised in the statement of financial performance	3 529 208	-
	29 152 208	25 623 000

Net expense recognised in the statement of financial performance

Current service cost	1 045 000	705 000
Interest cost	2 263 000	2 549 000
Actuarial (gains) losses	1 451 208	(1 599 000)
Settlement	(1 230 000)	(1 353 000)
	3 529 208	302 000

7. Inventories

Finished goods	865 171	-
Electricity	-	478 952
Rates & General	-	776 624
Other inventories for sale	432 374	-
Consumable stores - Franking Machine Stamps	2 036	2 036
Unsold Properties Held for Resale	15 677 445	9 005 000
	16 977 026	10 262 612
Inventories (write-downs)	(6 672 445)	-
	10 304 581	10 262 612

8. Receivables from exchange transactions

Other Receivables	32 939	-
Consumer debtors - Electricity	29 900 548	102 263 942
Consumer debtors - Refuse	16 457 431	12 525 200
Rental Debtors	1 214 928	979 602
	47 605 846	115 768 744

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Figures in Rand	2019	2018
8. Receivables from exchange transactions (continued)		
Electricity Losses		
Purchases - KWH		
Estcourt	177 294 951	171 520 834
Wembezi	13 837 756	14 325 341
	191 132 707	185 846 175
Sales - KWH		
Domestic	37 184 340	40 404 708
Commercial	14 943 744	15 971 221
Bulk	124 689 468	122 309 220
Departmental	2 327 117	2 606 581
	179 144 669	181 291 730
Percentage of Losses - KWH		
Total Purchases	191 132 707	185 846 175
Total Sales	(179 144 670)	(181 291 730)
Loss in KWH	11 988 037	4 554 445
Total percentage Losses for period ended 30 June 2019 - 6.27% and 30 June 2018 - 2.45%, respectively.		
Reconciliation of provision for impairment of trade and other receivables		
Opening balance	28 797 577	33 184 438
Provision for impairment	76 353 383	9 602 672
Unused amounts reversed	-	(13 989 533)
	105 150 960	28 797 577
9. Receivables from non-exchange transactions		
Fines- Traffic	823 235	1 043 292
Other receivables from non-exchange revenue - Overpayments to Creditors	270 534	270 534
Consumer debtors - Rates	94 350 256	70 737 438
	95 444 025	72 051 264
Reconciliation of provision for impairment of receivables from non-exchange transactions		
Opening balance	61 059 820	1 679 869
Provision for impairment	3 544 707	1 911 210
Consumer debtors rates debt impairment	63 143 179	57 468 741
	127 747 706	61 059 820
10. VAT receivable		
VAT	-	47 861 304

The Inkosi Langalibalele Municipality was registered for Value Added Taxation (VAT) with effect 01 October 2016, as a newly merged Municipality of the former Imbabazane & uMtshezi Municipalities. The Municipality uses the Payment basis to account for Valued Added Taxation(VAT) payable.

Inkosi Langalibalele Municipality

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Annual Financial Statements for the year ended 30 June 2019

Notes to the Annual Financial Statements

Figures in Rand	2019	2018
11. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Cash on hand	13 780	13 780
Bank balances	(7 200 239)	(3 539 252)
Short-term deposits	15 579 570	5 954 806
	8 393 111	2 429 334

Short term deposits

The credit quality of cash at bank and short term deposits, excluding cash on hand that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or historical information about counterparty default rates:

FNB Call Account Number 62033811995	3 375	116 199
FNB Cheque Account Number 62216019019	104 476	478 894
FNB Cheque Account Number 62216024737	2 335	528 031
FNB Money Market Account Number 62232266991	78 185	168 790
FNB Cheque Account Number 62281385130	1 339	37 222
FNB Money Market Account Number 6234751060	371 738	1 228
FNB Money Market Account Number 6234582050	1 824 497	389 040
FNB Fixed Deposit Account Number 71066697123	14 000	14 000
FNB Fixed Deposit Account 71021254116	51 537	42 064
FNB Fixed Deposit Account 71048724530	11 000	11 000
Standard Bank Money Market Account Number 75075646	12 528	12 522
Nedbank Fixed Deposit Account Number 19542952	32 234	32 234
FNB Call Account Number 62296691686	2 619 571	4 123 582
FNB Call Account Number 62778010969	4 134	-
FNB Call Account Number 62778019200	6 660 144	-
FNB Call Account Number 62778013369	1 300 301	-
FNB Call Account Number 62778018517	13 395	-
FNB Call Account Number 62778011529	17 957	-
FNB Call Account Number 62778015589	120 524	-
FNB Call Account Number 62778017650	226 560	-
FNB Call Account Number 62778014648	47 927	-
FNB Call Account Number 62778016743	1 942 956	-
FNB Call Account Number 62778016115	118 853	-
	15 579 566	5 954 806

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2019	30 June 2018	30 June 2017	30 June 2019	30 June 2018	30 June 2017
Main Bank Account - FNB Acc No. 62633444443	17 672 874	5 089 084	7 490 893	(7 200 239)	(3 982 472)	(21 974 619)
Main Bank Account - ABSA Acc No. 4056119170	9 239	522	1 055 389	-	-	-
Total	17 682 113	5 089 606	8 546 282	(7 200 239)	(3 982 472)	(21 974 619)

Inkosi Langalibalele Municipality

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Annual Financial Statements for the year ended 30 June 2019

Notes to the Annual Financial Statements

Figures in Rand	2019	2018
12. Finance lease obligation		
Minimum lease payments due		
- within one year	382 908	3 165 544
- in second to fifth year inclusive	132 462	515 370
Present value of minimum lease payments	515 370	3 680 914
Non-current liabilities	173 633	3 165 544
Current liabilities	382 908	515 370
	556 541	3 680 914

It is municipality policy to lease certain motor vehicles and equipment under finance leases.

The average lease term was 5 years for motor vehicles and 5 years for equipment.

Interest rates are fixed at the contract date. All leases have fixed repayments

The municipality's obligations under finance leases are secured by the lessor's charge over the leased assets. Refer note .

13. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts		
Demarcation Grant	1 804 374	5 426 400
COGTA Small Towns Grant	1 630 270	1 908 205
FMG Grant	321 764	822 898
INEP Grant	2 321 997	6 983 074
Infrastructure Sport Facility	1 912	1 912
Library Grant	604 572	847 267
All Other CoGTA Grants	211 441	519 116
NYDA Grant	9 917	216 027
Department of Housing Grant	1 697 775	3 670 059
Sports Grants	46 088	-
Capacity Building MSIG	1 055 000	-
Town Planning Grant	1 500 000	-
LED Grant	350 500	-
	11 555 610	20 394 958

Movement during the year

Balance at the beginning of the year	20 394 958	19 479 604
Additions during the year	230 606 765	69 729 983
Income recognition during the year	(230 613 739)	(68 814 629)
Adjustments	(8 832 374)	-
	11 555 610	20 394 958

The nature and extent of government grants recognised in the annual financial statements and an indication of other forms of government assistance from which the municipality has directly benefited; and

Unfulfilled conditions and other contingencies attaching to government assistance that has been recognised.

See note for reconciliation of grants from National/Provincial Government.

These amounts are invested in a ring-fenced investment until utilised.

Inkosi Langalibalele Municipality

(Registration number KZN237)

Annual Financial Statements for the year ended 30 June 2019

Notes to the Annual Financial Statements

Figures in Rand	2019	2018
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14. Other financial liabilities

At amortised cost

DBSA Loan 61000893	2 303 063	2 365 751
DBSA Loan 61000894	2 431 247	2 485 740
ABSA Loan 30-4127-3209	264 236	1 695 881

4 998 546 6 547 372

Total other financial liabilities

4 998 546 6 547 372

The DBSA Loans are repayed bi-annually, whilst the ABSA is repayed monthly on the 1st. The DBSA Loans have a fixed interest rate of 6.75% and ABSA has fixed interest rate of 9.67%. The ABSA Loan will be redeemed in full by the 1 November 2019. The DBSA loans will be fully redeem by the 30 June 2031.

Non-current liabilities

At amortised cost	3 755 131	5 053 240
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Current liabilities

At amortised cost	1 243 415	1 494 132
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15. Provisions - Land Fillsite

Reconciliation of provisions - 2019

	Opening Balance	Additions	Change in discount factor	Total
Environmental rehabilitation	27 725 685	2 661 666	(1 732 856)	28 654 495

Reconciliation of provisions - 2018

	Opening Balance	Additions	Total
Environmental rehabilitation	25 387 988	2 337 697	27 725 685

Environmental rehabilitation provision

The provision for rehabilitation of Landfill site relates to the legal obligation to rehabilitate the landfill site used for waste disposal. It is calculated as the present value of the future obligation discounted at 3.23% over 11 years remaining useful life.

16. Payables from exchange transactions

Trade payables	75 610 906	120 841 592
Payments received in advanced - contract in process	5 592 254	5 503 676
Retentions	9 874 785	6 898 633
Provision for Leave	9 288 712	9 288 712
Salary Control	19 912 355	-
Bonuses	1 541 223	-
	121 820 235	142 532 613

Inkosi Langalibalele Municipality

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Annual Financial Statements for the year ended 30 June 2019

Notes to the Annual Financial Statements

Figures in Rand	2019	2018
17. VAT payable		
VAT Output	97 158 475	-
VAT Input	(89 481 208)	-
	7 677 267	-
18. Consumer deposits		
Electricity	4 903 688	4 794 618
19. Revenue		
Service charges	239 526 949	221 376 503
Rental of facilities and equipment	197 318	203 212
Licences and Permits (Non-exchange)	3 959 398	4 359 527
Other income	1 925 748	2 378 756
Recovery - Bad Debts Provision	-	13 989 533
Interest received - investment	1 696 440	444 883
Property rates	47 873 594	88 955 621
Property rates - penalties imposed	22 159 970	18 608 707
Interest, Dividends and Rent on Land	22 700	-
Government grants & subsidies	227 062 611	211 426 085
Fines, Penalties and Forfeits	3 687 670	2 895 053
	548 112 398	564 637 880
The amount included in revenue arising from exchanges of goods or services are as follows:		
Service charges	239 526 949	221 376 503
Rental of facilities and equipment	197 318	203 212
Other income	1 925 748	2 378 756
Impairment Gain on trade and other receivables	-	13 989 533
Interest received - investment	1 696 440	444 883
	243 346 455	238 392 887
The amount included in revenue arising from non-exchange transactions is as follows:		
Taxation revenue		
Property rates	47 873 594	88 955 621
Property rates - penalties imposed	22 159 970	18 608 707
Licences or permits	3 959 398	4 359 527
Interest, Dividends and Rent on Land	22 700	-
Transfer revenue		
Government grants & subsidies	227 062 611	211 426 085
Fines, Penalties and Forfeits	3 687 670	2 895 053
	304 765 943	326 244 993
20. Service charges		
Sale of electricity	231 427 405	214 756 819
Refuse removal	8 099 544	6 619 684
	239 526 949	221 376 503

Inkosi Langalibalele Municipality

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Annual Financial Statements for the year ended 30 June 2019

Notes to the Annual Financial Statements

Figures in Rand	2019	2018
21. Rental of facilities and equipment		
Facilities and equipment		
Rental of facilities	197 318	203 212
22. Investment revenue		
Interest revenue		
Bank	1 696 440	444 883
23. Property rates		
Rates received		
Rates billing	58 170 965	91 189 708
Less: Income forgone	(10 297 371)	(2 234 087)
	47 873 594	88 955 621
Property rates - penalties imposed	22 159 970	18 608 707
	70 033 564	107 564 328
Valuations		
Residential	1 937 333 500	1 926 264 500
Commercial	996 496 000	958 746 000
State	1 020 238 000	1 050 238 000
Municipal	199 152 000	202 077 000
Small holdings and farms	1 156 164 000	1 087 796 000
Public Benefit	74 259 000	74 259 000
Communal Land	378 069 000	445 087 000
NEMA	350 000 000	350 000 000
Public Service Infrastructure	544 458 000	274 458 000
	6 656 169 500	6 368 925 500

Valuations on land and buildings are performed every 5 years. The last general valuation came into effect on 1 July 2012. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions. The new general valuation will be implemented on 01 July 2017.

Rates will be due and payable in 12 equal or near instalments. Any rates that are not paid on the due dates will be subject to interest at the rate of prime plus one percent per annum.

Inkosi Langalibalele Municipality

(Registration number KZN237)

Annual Financial Statements for the year ended 30 June 2019

Notes to the Annual Financial Statements

Figures in Rand	2019	2018
24. Government grants and subsidies		
Operating grants		
Equitable share	155 920 373	143 450 000
EPWP Grant	1 387 000	4 606 937
Small Town Cogta Grant	277 935	-
Work Study Grant	-	679 750
Demarcation Grant	5 760 676	5 184 989
FMG Grant	3 621 865	3 692 525
Library Grant	6 229 695	6 129 040
Department of Housing Grant	-	1 416 441
Scheme Support Grant	-	893 299
By-Laws Grant	-	187 702
Record Management Grant	-	197 200
Massification Grant	1 549 500	-
Sports Grant	3 912	-
Planning Development Grant	1 156 545	-
NYDA	206 110	-
	176 113 611	166 437 883
Capital grants		
INEP Grant	14 000 000	6 712 202
MIG Grant	36 949 000	38 276 000
	50 949 000	44 988 202
	227 062 611	211 426 085
Equitable Share		
In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members.		
Demarcation Grant		
Balance unspent at beginning of year	5 426 400	2 328 390
Current-year receipts	-	8 283 000
Conditions met - transferred to revenue	-	(5 184 990)
Adjustment	(3 622 025)	-
	1 804 375	5 426 400
Conditions still to be met - remain liabilities (see note 13).		
Small Town Cogta Grant		
Balance unspent at beginning of year	1 908 205	1 908 205
Conditions met - transferred to revenue	(277 935)	-
	1 630 270	1 908 205
Conditions still to be met - remain liabilities (see note 13).		
FMG Grant		
Balance unspent at beginning of year	822 898	915 424
Current-year receipts	3 670 000	3 600 000
Conditions met - transferred to revenue	(3 621 865)	(3 692 526)
Adjustment	(549 270)	-
	321 763	822 898

Inkosi Langalibalele Municipality

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Annual Financial Statements for the year ended 30 June 2019

Notes to the Annual Financial Statements

Figures in Rand	2019	2018
24. Government grants and subsidies (continued)		
Conditions still to be met - remain liabilities (see note 13).		
INEP Grant		
Balance unspent at beginning of year	6 983 074	1 220 565
Current-year receipts	14 000 000	15 000 000
Conditions met - transferred to revenue	(14 000 000)	(6 712 202)
Adjustment	(4 661 077)	(2 525 289)
	2 321 997	6 983 074
Conditions still to be met - remain liabilities (see note 13).		
MIG Grant		
Balance unspent at beginning of year	-	3 267 817
Current-year receipts	36 949 000	38 276 000
Conditions met - transferred to revenue	(36 949 000)	(38 530 292)
Other	-	(3 013 525)
	-	-
Conditions still to be met - remain liabilities (see note 13).		
Infrastructure Sports Facility		
Balance unspent at beginning of year	1 912	1 912
Conditions still to be met - remain liabilities (see note 13).		
By Laws Grant		
Balance unspent at beginning of year	-	200 000
Transfer to all other COGTA grants as per SCOA segment	-	(200 000)
	-	-
Conditions still to be met - remain liabilities (see note 13).		
Work Study Grant		
Balance unspent at beginning of year	-	679 750
Other	-	(679 750)
	-	-
Conditions still to be met - remain liabilities (see note 13).		
Scheme Support Grant		
Balance unspent at beginning of year	-	1 000 000
Other	-	(1 000 000)
	-	-
Conditions still to be met - remain liabilities (see note 13).		
Records Management		

Inkosi Langalibalele Municipality

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Annual Financial Statements for the year ended 30 June 2019

Notes to the Annual Financial Statements

Figures in Rand	2019	2018
24. Government grants and subsidies (continued)		
Balance unspent at beginning of year	-	200 000
Other	-	(200 000)
	-	-
Conditions still to be met - remain liabilities (see note 13).		
IDP Grant		
Balance unspent at beginning of year	-	12 770
Other	-	(12 770)
	-	-
Conditions still to be met - remain liabilities (see note 13).		
Library Grant		
Balance unspent at beginning of year	847 267	3 191 307
Current-year receipts	5 987 000	3 785 000
Conditions met - transferred to revenue	(6 229 695)	(6 129 040)
	604 572	847 267
Conditions still to be met - remain liabilities (see note 13).		
EPWP		
Balance unspent at beginning of year	-	582 831
Current-year receipts	1 387 000	5 133 000
Conditions met - transferred to revenue	(1 387 000)	(5 191 188)
Other	-	(524 643)
	-	-
Conditions still to be met - remain liabilities (see note 13).		
NYDA Grant		
Balance unspent at beginning of year	216 027	216 027
Conditions met - transferred to revenue	(206 110)	-
	9 917	216 027
Conditions still to be met - remain liabilities (see note 13).		
Good Governance Grant		
Balance unspent at beginning of year	-	84 547
Other	-	(84 547)
	-	-
Conditions still to be met - remain liabilities (see note 13).		
Department of Housing Grant		
Balance unspent at beginning of year	3 670 059	3 637 659
Current-year receipts	3 788 392	1 448 841

Inkosi Langalibalele Municipality

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Annual Financial Statements for the year ended 30 June 2019

Notes to the Annual Financial Statements

Figures in Rand	2019	2018
24. Government grants and subsidies (continued)		
Conditions met - transferred to revenue	(5 760 676)	(1 416 441)
	1 697 775	3 670 059

Conditions still to be met - remain liabilities (see note 13).

Sports Grant

Current-year receipts	50 000	-
Conditions met - transferred to revenue	(3 912)	-
	46 088	-

Conditions still to be met - remain liabilities (see note 13).

MSIG

Current-year receipts	1 055 000	-
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Conditions still to be met - remain liabilities (see note 13).

Town Planning Grant

Current-year receipts	1 500 000	-
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Conditions still to be met - remain liabilities (see note 13).

LED Grant

Current-year receipts	400 000	-
Conditions met - transferred to revenue	(49 500)	-
	350 500	-

Conditions still to be met - remain liabilities (see note 13).

Inkosi Langalibalele Municipality

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Annual Financial Statements for the year ended 30 June 2019

Notes to the Annual Financial Statements

Figures in Rand	2019	2018
25. Employee related costs		
Basic	130 423 655	116 078 564
Bonus	9 872 154	8 617 411
Medical aid - company contributions	5 582 762	7 000 845
UIF	1 074 569	1 038 134
WCA	-	66
SDL	1 673 799	1 412 451
Leave pay provision charge	669 161	(490 455)
Travel, motor car, accommodation, subsistence and other allowances	349 997	9 020 921
Overtime payments	3 779 483	7 376 411
Long-service awards	468 471	480 576
Acting allowances	239 606	615 154
Car allowance	6 133 121	-
Housing benefits and allowances	677 051	559 003
Cell Phone Allowance	424 289	545 669
Pension Fund	16 153 499	15 861 708
Group Life	1 943 901	1 311 914
Other Allowances	1 519 487	121 425
	180 985 005	169 549 797

Remuneration of municipal manager - Mr. P S Mkhize

Annual Remuneration	647 651	551 768
Car Allowance	240 000	160 000
Contributions to UIF, Medical and Pension Funds	1 785	1 256
Housing Allowance	180 000	-
Cellphone	10 000	-
Subsistence and Travel	24 026	-
Skill and BC levy	10 468	-
	1 113 930	713 024

The Municipal Manager was provided with two full-time body guards.

Remuneration of chief finance officer - Mr. S P Radebe

Annual Remuneration	584 713	584 713
Car Allowance	194 904	194 904
Contributions to UIF, Medical and Pension Funds	1 785	1 785
Cellphone Allowances	17 277	23 190
Subsistence ad Travel	24 650	-
Skills and BC Levy	7 747	-
	831 076	804 592

The Chief Financial Officer was provided with one full-time body guard.

Remuneration of GM Civil - S R Zwane

Annual Remuneration	588 305	391 098
Car Allowance	180 000	119 932
Contributions to UIF, Medical and Pension Funds	1 785	2 900
Cellphone Allowance	17 750	9 991
Skill levy	7 500	-
	795 340	523 921

Inkosi Langalibalele Municipality

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Annual Financial Statements for the year ended 30 June 2019

Notes to the Annual Financial Statements

Figures in Rand	2019	2018
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25. Employee related costs (continued)

Remuneration of GM Community - Mrs. Z M Ndlela

Annual Remuneration	614 523	663 685
Car Allowance	165 096	165 096
Contributions to UIF, Medical and Pension Funds	1 785	1 785
Cellphone Allowance	17 277	23 190
Subsistence and Travel	16 196	-
Skill and BC levy	6 879	-
	821 756	853 756

The General Manager - Community was provided with one full-time body guard.

Remuneration of GM Corporate - Mr. H B Chotoo

Annual Remuneration	621 015	621 015
Car Allowance	310 508	375 634
Contributions to UIF, Medical and Pension Funds	1 785	1 785
Cellphone Allowance	17 745	4 856
Housing Allowance	72 452	-
Skill and BC levy	9 612	-
Subsistence and Travel	1 073	-
	1 034 190	1 003 290

The Director Corporate Services was provided with two full-time body guards.

Remuneration of GM Development Planning - Mr. E H DLADLA

Annual Remuneration	-	490 095
Car Allowance	-	125 035
Contributions to UIF, Medical and Pension Funds	-	7 556
	-	622 686

The Director Development Planning post was vacant since 1 March 2018. The General Manager - Planning was provided with two full-time body guard.

26. Remuneration of councillors

Mayor	783 511	758 012
Deputy Mayor	636 357	649 308
EXCO Members	2 488 744	2 031 816
Speaker	636 884	630 878
Ordinary Councillors	9 653 976	8 834 945
MPAC Chairperson	623 599	620 841
Chief Whip	589 623	592 977
	15 412 694	14 118 777

Inkosi Langalibalele Municipality

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Annual Financial Statements for the year ended 30 June 2019

Notes to the Annual Financial Statements

Figures in Rand	2019	2018
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26. Remuneration of councillors (continued)

In-kind benefits

The Mayor, Deputy Mayor, Speaker are full-time. Each is provided with an office and secretarial support at the cost of the Council.

The Mayor and the Deputy Mayor each have the use of separate Council owned vehicles for official duties.

The Mayor has 9 full-time bodyguards. The Deputy Mayor has 5 full-time bodyguards. The Speaker has 3 full-time bodyguards. The Chief Whip has 2 full-time bodyguards and 1 night security officer at his residence. The MPAC Chairperson has 1 full-time bodyguard.

27. Depreciation and amortisation

Property, plant and equipment	51 680 809	37 159 055
Investment property	-	93 004
Intangible assets	-	25 720
	51 680 809	37 277 779

28. Finance costs

Non-current borrowings	398 587	-
Trade and other payables	2 585 516	-
Finance leases	2 347 100	540 731
Current borrowings	-	1 180 493
Other interest paid	-	3 148 277
	5 331 203	4 869 501

The interest expense on finance leases has been calculated at an effective interest rate on the present value of the minimum lease payments

29. Debt impairment

Contributions to debt impairment provision	143 041 869	1 911 210
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30. Bulk purchases

Electricity	153 288 831	168 853 164
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31. Contracted services

Presented previously

Operating Leases	855 475	3 810 165
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Outsourced Services

Administrative and Support Staff	189 980	189 780
Clearing and Grass Cutting Services	152 341	-
Security Services	27 664 191	38 893 911
Drivers Licence Cards	451 801	-

Consultants and Professional Services

Business and Advisory	6 124 511	1 449 190
Infrastructure and Planning	-	2 885 780
Legal Cost	3 319 287	3 145 936

Inkosi Langalibalele Municipality

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Annual Financial Statements for the year ended 30 June 2019

Notes to the Annual Financial Statements

Figures in Rand	2019	2018
31. Contracted services (continued)		
Contractors		
Electrical	5 434 822	27 323
Maintenance of Buildings and Facilities	3 810 842	2 467 623
Maintenance of Equipment	6 022 054	3 610 669
Pest Control and Fumigation	289 803	-
Preservation/Restoration/Dismantling/Cleaning Serv	428 266	-
Tracing Agents and Debt Collectors	9 355 497	2 464 207
	64 098 870	58 944 584
32. General expenses		
Advertising	645 726	1 387 712
Auditors remuneration	5 739 616	3 464 521
Bank charges	522 593	666 575
Cleaning	315 345	197 300
Consumables	7 063 758	11 333 578
Donations	-	215 750
Entertainment	13 058	90 422
Insurance	1 518 447	1 641 123
Conferences and seminars	449 742	27 626
IT expenses	1 298 689	602 183
Motor vehicle expenses	471 307	391 686
Fuel and oil	4 494 951	5 275 974
Postage and courier	209 571	145 456
Printing and stationery	350 533	1 166 506
Subscriptions and membership fees	-	20 163
Telephone and fax	2 239 922	2 661 531
Training	123 037	5 865
Travel - local	64 713	-
Utilities - Other	3 437 835	-
Uniforms	1 055 818	518 176
Amakhosi	-	214 829
Other General Expenses	5 800 124	1 348 627
	35 814 785	31 375 603
33. Auditors' remuneration		
Auditor General Fees	3 680 470	3 095 169
Internal Audit Fees	2 059 146	369 352
	5 739 616	3 464 521

Inkosi Langalibalele Municipality

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Annual Financial Statements for the year ended 30 June 2019

Notes to the Annual Financial Statements

Figures in Rand	2019	2018
34. Cash generated from operations		
(Deficit) surplus	(107 559 161)	41 100 207
Adjustments for:		
Depreciation and amortisation	51 680 809	37 277 779
Finance costs - Finance leases	2 347 100	4 869 501
Debt impairment	143 041 869	12 078 323
Bad debts written off	4 566 273	-
Movements in retirement benefit assets and liabilities	(378 584)	-
Movements in provisions	2 098 660	(64 111)
Changes in working capital:		
Inventories	1 232 463	(2 871 056)
Receivables from exchange transactions	77 765 570	(87 189 096)
Other receivables from non-exchange transactions	34 075 980	(4 675 470)
Payables from exchange transactions	(18 727 356)	56 442 950
VAT	4 181 969	(12 399 287)
Unspent conditional grants and receipts	(5 201 689)	947 754
Consumer deposits	109 070	1 427 244
	189 232 973	46 944 738
35. Commitments		
Authorised capital expenditure		
Already contracted for but not provided for		
• Property, plant and equipment	26 734 122	69 999 222
Total capital commitments		
Already contracted for but not provided for	26 734 122	69 999 222
Authorised operational expenditure		
Already contracted for but not provided for		
• Financial System MUNSOFT	1 079 475	2 428 800
• Annual Financial Statements - MUNSOFT	-	1 587 682
• Other commitments	4 032 019	1 736 475
• Fixed Assets Register - Quartex JV Dash Consulting	-	1 820 181
• Valuation Roll - Ndlala Mass Valuations	-	1 066 581
• Annual Financial Statements - Bonakude Consulting	1 308 761	-
• Fixed Asset Register - Bonakude Consulting	2 171 849	-
	8 592 104	8 639 719
Total operational commitments		
Already contracted for but not provided for	8 592 104	8 639 719

This committed expenditure relates to plant and equipment and will be financed by available grant revenue.

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Notes to the Annual Financial Statements

Figures in Rand	2019	2018
36. Contingencies		
Summary of Litigations		
Carlos Miranda Attorney	650 204	-
Land dispute Sifiso Douglas Khanyile	15 000 000	-
Non payment of pension contributions Natal Joint Pension Fund	2 478 407	-
Contractual dispute Nonjiko Security Services CC	851 915	-
Contractual Dispute Ngomfo Distributor (Pty)LTD	16 369 722	-
Interest Claim Natal Joint Pension Fund	1 502 453	-
Labour Dispute Ngcobo, Masango and others	444 841	-
Vehicle lease agreement RSI Vehicle Hire	87 443	-
Breach of contract TL Engineering Consultants CC	11 096 803	-
Non-Payment of invoices to various suppliers	15 972 785	23 494 639
Termination of Tender Agreements - Nonjiko Security Services CC	-	1 526 258
Breach of employment contract - TO Vilakazi	-	4 500 000
Damage to property	-	140 816
Fines Imposed to Department of Labour	-	1 500 000
Incorrect payment of Grants	-	2 478 407
CCMA - Enforced award - Nhlanhla Alvis Masango and 1 other	-	456 584
Termination of Contract - Ngomfo security	-	16 519 072
Legal Costs/ Taxation	-	243 247
Pothole Claims	43 374	42 532
Recovery of Overpayment - Department of Public Works	-	18 300 000
	64 497 947	69 201 555

37. Prior-year adjustments

Presented below are those items contained in the statement of financial position, that have been affected by prior-year adjustments:

Statement of financial position

2018

	Note	As previously reported	Correction of error	Re-classification	Restated
Property Plant and Equipment	3	758 893 685	(24 873 855)	-	734 019 830
VAT Receivable	10	12 948 102	34 913 202	-	47 861 304
Impairment loss	9	3 595 594	57 468 741	-	61 064 335
Receivables from non exchange	9	128 206 179	(57 468 741)	-	70 737 438
Provision for Landfill Site	15	(26 555 835)	(1 169 850)	-	27 725 685
Employee Benefit Obligation	6	(33 060 000)	7 437 000	-	25 623 000
Trade payables	16	(137 284 991)	-	16 443 399	(120 841 592)
Provision for debt impairment from exchange transactions	8	19 194 905	9 602 672	-	28 797 577
Receivables from exchange transactions	8	125 371 416	(9 602 672)	-	115 768 744
Accumulated Surplus		837 757 820	(2 321 894)	-	831 765 867
Retention	16	(4 913 611)	(1 985 022)	-	(6 898 633)
Work in progress	3	111 723 980	1 985 022	-	113 709 002
Finance Lease Obligation	12	(3 660 329)	(20 585)	-	(3 680 914)
Unspent conditional grant	13	(16 757 299)	(3 670 059)	-	(20 427 358)
		1 775 459 616	10 293 959	16 443 399	1 905 224 285

Errors

Property Plant and Equipment

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Notes to the Annual Financial Statements

Figures in Rand	2019	2018
37. Prior-year adjustments (continued)		
Balance previously reported	758 893 685,00	
Completed assets were incorrectly included in assets under construction with incorrect amounts and did not reconcile to underlying documents.	(24 873 854,84)	
Re-Styled Balance	734 019 830,16	
Reveivable from non exchange		
Balance previously reported	128 206 179,00	
Debt impairment decreasing the receivable amount	(57 468 741,00)	
Restated Balance	70 737 438,00	
VAT Receivable		
Balance previously reported	12 948 102,00	
Re classification from payables	-	
Correction of material variances between the submitted VAT returns and the general ledger	34 913 202,00	
Restated Balance	47 861 304,00	
Trade and payables from exchange transactions		
Balance previously reported	-	
Re classification from VAT	-	
Restated Balance	-	
Debt Impairment		
Balance previously reported	3 595 594,00	
Correcting the misstatement on the calculation of debt impairment	57 468 741,00	
Restated Balance	61 064 335,00	
Provision for debt impairment from exchange transaction		
Balance previously reported	19 194 905,00	
Correcting the misstatement on the calculation of debt impairment	9 602 672,00	
Restated Balance	28 797 577,00	
Receivable from exchange transactions		
Balance previously reported	125 371 416,00	
Debt impairment decreasing the receivable amount	(9 602 672,00)	
Restated Balance	115 768 744,00	
Provision for landfill site		
Balance previously reported	(26 555 835,00)	
Correcting the provision for landfill site using the correct discount rate	(1 169 850,00)	
Restated Balance	(27 725 685,00)	
Employee Benefit Obligation		
Balance previously reported	(33 060 000,00)	
Correction of misstated employee benefit obligation	7 437 000,00	
Accruals for June 2017 Salary not raised	-	
Restated Balance	(25 623 000,00)	
Retention		
Balance previously reported	(4 913 611,00)	
Retention not accounted in the 2017/18 Financial Year end	(1 985 021,77)	
Restated Balance	(6 898 632,77)	
Work In Progress		
Balance previously reported	111 723 980,00	
Retention not accounted in the 2017/18 Financial Year end	1 985 021,77	

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Notes to the Annual Financial Statements

Figures in Rand	2019	2018
37. Prior-year adjustments (continued)		
Restated Balance	113 709 001,77	
Finance Lease Obligation		
Balance previously reported	(3 660 329,00)	
Adjusting lease liability incorrectly reduced	(20 585,35)	
Restated Balance	(3 680 914,35)	
Accumulated Surplus		
Balance previously reported	(837 757 820,00)	
Correcting employee benefit cost that was misstated	7 437 000,00	
Landfill site provision	(1 169 850,00)	
PPE correction	24 873 854,84	
VAT correction	34 913 202,00	
Correction of finance lease obligation	20 585,00	
Housing development grant	3 670 059,00	
Restated Balance	(768 012 969,16)	
38. Risk management		
Financial risk management		
The municipality's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.		
The municipality's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance.		
Liquidity risk		
The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities.		
Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.		
The liquidity ratio is outlined below. The Municipality had a current ratio of 1.32:1 as at 30 June 2018 and 1.19:1 as at 30 June 2019		
Financial Instruments	2019	
Current Assets	161 747 563	
Current Liabilities	(147 583 123)	
	14 164 440	

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Annual Financial Statements for the year ended 30 June 2019

Notes to the Annual Financial Statements

Figures in Rand	2019	2018
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38. Risk management (continued)

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored. Sales to retail customers are settled in cash or using major credit cards. Credit guarantee insurance is purchased when deemed appropriate.

Financial assets exposed to credit risk at year end were as follows:

Financial instrument	2019	2018
Cash and Cash Equivalents	8 393 111	5 968 586
Receivables from Non - Exchange Transactions	95 444 025	72 051 264
Receivables from Exchange Transactions	47 605 846	115 768 744

Market risk

Interest rate risk

As the municipality has no significant interest-bearing assets, the municipality's income and operating cash flows are substantially independent of changes in market interest rates.

The municipality's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the municipality to cash flow interest rate risk. Borrowings issued at fixed rates expose the municipality to fair value interest rate risk.

At 30 June 2019, financial instruments exposed to interest rate risk were call and notice deposits.

39. Going concern

We draw attention to the fact that at 30 June 2019, the municipality had an accumulated surplus (deficit) of R 773 526 804 and that the municipality's total assets exceed its liabilities by R 773 526 804.

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The ability of the municipality to continue as a going concern is dependent on a number of factors. The most significant of these is that the accounting officer continue to implement debt collection and cost containment measures to fund the ongoing operations for the municipality will remain in force for so long as it takes to restore the solvency of the municipality. The municipality is also under administration in terms of Section 139 of the Constitution and Section 137 of the MFMA which was initiated by COGTA to assist the Municipality with its improvement of cashflow.

If the cash flow of the municipality doesn't improve it may affect the going concern of the municipality in terms of non-compliance on policies, procedures and Acts e.g. creditors cannot be paid within 30 days, also in terms of impairment, it can disclose non true reflection since the customers payment trend is not consistent. Repairs and maintenance on the budget is below the acceptable norm due to cash flow challenges, employee related costs % is more than accepted norm also as per the prescribed National Treasury MTREF

The municipality has the following, to mitigate some of the adverse factors:

- Payment arrangements and agreements have been agreed upon with significant service providers in line with our cash flow management; and
- Engaged the services of debt collectors to assist with the collection of long outstanding debtors.

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Notes to the Annual Financial Statements

Figures in Rand	2019	2018
40. Unauthorised expenditure		
Opening Balance	60 269 761	42 179 998
Current year expenditure	6 285 910	18 089 763
	66 555 671	60 269 761

The opening balance unauthorised expenditure is a combination of both the former Umtshezi and Imbabazane Municipalities. The current year unauthorised expenditure will be investigated. Once the investigation is completed a report will be tabled to council for action or condonement.

41. Fruitless and wasteful expenditure

Fruitless and wasteful expenditure	33 775 785	31 606 041
Fruitless and wasteful expenditure current year	1 778 974	5 056 845
	35 554 759	36 662 886

The opening balance fruitless and wasteful expenditure is a combination of both the former Umtshezi and Imbabazane Municipalities. A report will be tabled to council for condonment.

The total fruitless and wasteful expenditure for the current period was reported to MANCO and EXCO for noting. A report will be table to council and national treasury for approval. The current year fruitless and wasteful expenditure was incurred for interest on overdue accounts.

42. Irregular expenditure

Opening balance	249 036 994	200 927 535
Add: Irregular Expenditure - current year	17 169 459	48 109 459
	266 206 453	249 036 994

43. Additional disclosure in terms of Municipal Finance Management Act

Contributions to organised local government

Opening balance	1 855 550	562 300
Current year subscription / fee	1 517 136	1 293 250
	3 372 686	1 855 550

Audit fees

Opening balance	2 458 570	3 382 551
Current year subscription / fee	3 563 568	2 458 570
Amount paid - current year	(4 781 792)	(3 382 551)
	1 240 346	2 458 570

The balance of the Audit fees will be settled in the 2018/2019 Financial year. This expenditure was accrued within trade and other payables.

PAYE and UIF

Current year subscription / fee	22 827 684	23 427 320
Amount paid - current year	(22 827 684)	(23 427 320)
	-	-

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Annual Financial Statements for the year ended 30 June 2019

Notes to the Annual Financial Statements

Figures in Rand	2019	2018
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43. Additional disclosure in terms of Municipal Finance Management Act (continued)

Pension and Medical Aid Deductions

Current year subscription / fee	16 946 531	11 818 221
Amount paid - current year	(16 946 531)	(11 818 221)
	-	-

Councillors' arrear consumer accounts

The following Councillors had arrear accounts outstanding for more than 90 days at 30 June 2019:

30 June 2019	Outstanding less than 90 days R	Outstanding more than 90 days R	Total R
MT Mvelase	689	37	726
N Hlongwane	1 937	3 493	5 430
M Khanyile	-	753	753
N Mvelase	200	1 143	1 343
E Jacobs	23	58	81
	2 849	5 484	8 333

30 June 2018	Outstanding less than 90 days R	Outstanding more than 90 days R	Total R
N F Dlangalala	925	-	925
B & N M Hlongwane	1 760	1 237	2 997
A S Ndlovu	1 145	1 483	2 628
M T Mvelase	39	1 240	1 279
N Mvelase	179	4 035	4 214
M B A & Z M Khanyile	210	-	210
P Strydom - Shop 4	-	11 645	11 645
	4 258	19 640	23 898

44. Deviation from supply chain management regulations

Paragraph 12(1)(d)(i) of Government gazette No. 27636 issued on 30 May 2005 states that a supply chain management policy must provide for the procurement of goods and services by way of a competitive bidding process.

Paragraph 36 of the same gazette states that the accounting officer may dispense with the official procurement process in certain circumstances, provided that he records the reasons for any deviations and reports them to the next meeting of the Council Meeting and includes a note to the annual financial statements.

Various goods and services were procured during the financial year under review and the process followed in procuring those goods and services deviated from the provisions of paragraph 12(1)(d)(i) as stated above. The reasons for these deviations were documented and reported to the who considered them and subsequently approved the deviation from the normal supply chain management regulations. Note 49 & 50 lists the total deviations as at 30 June 2019.

45. Deviation from supply chain management regulations less than R 200,000

Various Deviations	994 512	1 257 745
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Inkosi Langalibalele Municipality

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Annual Financial Statements for the year ended 30 June 2019

Notes to the Annual Financial Statements

Figures in Rand	2019	2018
46. Deviation from supply chain management regulations greater than R 200,000		
Sparks and ellis - Provision of uniforms	249 641	-
Workwear depot dbn - Provision of uniforms	268 552	-
Inzuzo ye-sizwe development consultants - Development of LED strategy	362 500	-
Cyberfox cc - Building plans information system	494 500	-
Workwear depot Provision of uniforms	502 446	-
Sparks and ellis - provision of uniforms	679 708	-
Inzuzo ye-sizwe development consultants - Development of LED strategy	943 575	-
Jimkhwa security - Security services	2 843 183	-
Jimkhwa security - Security services	2 983 689	-
Jimkhwa security - Security services	2 983 689	-
Khuselani security - Security services	4 432 554	-
Khuselani security - Security services	4 432 554	-
Khuselani security - Security services	4 629 920	-
Ramsey Webbers Inc - Legal Representatives	-	1 000 000
Royal Palm Hotel - Annual Salga Games	-	325 800
Mahambayedwa Trading - Repairs to dumpsite fencing	-	250 000
Quartex Technologies JV Dashing Solutions - Compilation of FAR	-	1 820 181
	25 806 511	3 395 981

47. Budget differences

Material differences between budget and actual amounts

50.1 - Salaries and Wages - The increase is due to the parity and the absorption of 154 Contract Staff.

50.2 - Councillor Remuneration - Councillor increments were not approved, therefore the savings.

50.3 - Depreciation - Prior period adjustments to PPE affected the Actual Depreciation Calculations.

50.4 - Finance Costs - The Municipality under-budged on this line item.

50.5 - Debt Impairment - Change in impairment calculations resulted in savings.

50.6 - Bulk Purchases - The Municipality under-budged on this line item.

50.7 Contracted Services - The line item budgeted for was security only. Due to AFS disclosures in terms of SCOA, Repairs & Maintenance, and Other Contract expenditure was disclosed in this line item in actual expenditure. The Budget for these items was disclosed in General Expenditure. Therefore the over-expenditure.

50.8 - Transfers & Subsidies - The Municipality under-budged on this line item.

50.9 - General Expenditure - Due to AFS disclosures in terms of SCOA, Repairs & Maintenance, and Other Contract expenditure was disclosed in Contract Services. The Budget for these items was disclosed in General Expenditure. Therefore the savings.

Report of the auditor-general to KwaZulu-Natal Provincial Legislature and the council on Inkosi Langalibalele Local Municipality

Report on the audit of the financial statements

Adverse opinion

1. I have audited the financial statements of the Inkosi Langalibalele Local Municipality set out on pages ... to ..., which comprise the statement of financial position as at 30 June 2019, the statement of financial performance, statement of changes in net assets, cash flow statement and the statement of comparison of budget and actual amounts for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, because of the significance of the matters described in the basis for adverse opinion section of this auditor's report, the financial statements do not present fairly, in all material respects, the financial position of the Inkosi Langalibalele Local Municipality as at 30 June 2019, and its financial performance and its cash flows for the year then ended in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2017 (Act No. 3 of 2017) (Dora).

Basis for adverse opinion

Property, plant and equipment

3. I was unable to obtain sufficient appropriate audit evidence that the municipality had properly recorded property, plant and equipment as required by SA Standards of GRAP 17 *Property, plant and equipment*. This was as a result of material variances between the assets register, the general ledger and the financial statements that were identified. I was unable to confirm property, plant and equipment by alternative means. Consequently, I was unable to confirm whether any adjustments were necessary to property, plant and equipment stated at R720,69 million (2018: R734,02 million) and depreciation stated at R51,68 million (2018: R37,28 million) in the financial statements.

Value added tax (VAT)

4. I was unable to obtain sufficient appropriate audit evidence that the municipality had properly recorded value added tax as required by the Value Added Tax Act of South Africa, 1991 (Act No.89 of 1991). This was as a result of material variances between the VAT reconciliation, the general ledger and the financial statements that were identified. I was unable to confirm value added tax by alternative means. Consequently, I was unable to confirm whether any adjustments were necessary to value added tax stated at R7,67 million (2018: R47,86 million) in the financial statements.

Receivables from exchange and non-exchange transactions

5. I was unable to obtain sufficient appropriate audit evidence that the municipality had properly recorded receivables in accordance with the SA Standards of GRAP 104, *Financial Instruments*. This was as a result of material variances identified between the age analysis, the general ledger and the financial statements. I was unable to confirm receivables by alternative means. Consequently, I was unable to confirm whether any adjustments were necessary to receivables from exchange and non-exchange transactions stated at R143,05 million (2018: R187,82 million) and provision for doubtful debts stated R232,89 million (2018: R89,94 million) in the financial statements.

Payables from exchange transactions – trade payables

6. I was unable to obtain sufficient appropriate audit evidence that the municipality had properly accounted for payables from exchange transactions as the municipality did not have adequate systems to record creditors. I was unable to confirm the trade payables by alternative means. Consequently, I was unable to determine whether any further adjustments were necessary to trade payables stated at R75,61 million (2018: R120,84 million) in note 16 to the financial statements.

Employee benefits – Provision for leave

7. I was unable to obtain sufficient appropriate audit evidence for provision of leave due to the status of accounting records. I was unable to confirm the disclosure by alternative means. Consequently, I was unable to determine whether any further adjustments were necessary to the provision stated at R9,29 million (2018: 9,29 million) as disclosed in note 16 to the financial statements. Additionally, the resultant impact on employee cost and the accumulated surplus could not be determined as it was impractical to do so.

Cash and cash equivalents

8. The municipality did not have adequate internal controls in place to ensure that the cash book is reconciled to the cash and cash equivalents balance and that reconciling items are cleared on a monthly basis resulting in an unexplained difference. In addition, the cash and cash equivalent balance was misstated by an estimated amount of R24,88 million. This was as a result of material differences between confirmation and the financial statements.

Revenue from non-exchange transactions - Property rates

9. The municipality did not recognise property rates as required by SA Standards of GRAP 23: *Revenue from non-exchange transactions*. This was as a result of an incorrect application of the *Municipal Property Rates Act, No 6 of 2004*. Consequently, I was unable to determine the impact of the misstatements to property rates stated at R47,87 million (2018: R88,95 million) in note 23 to the financial statements.

Transfers and subsidies

10. The municipality did not record transfers and subsidies as required by SA Standards of GRAP 1: *Presentation of financial statements*. Comparative figures were accounted for on a different basis to current year figures. Consequently, the transfers and subsidies stated at nil (2018: R30,89 million) in the financial statements was misstated by an undeterminable amount.

Bulk purchases

11. The municipality did not recognise all bulk purchases as required by SA Standards of GRAP 1: *Presentation of financial statements*. This was as a result of incorrect recognition of the accrued expenditure relating to electricity. Bulk purchases were misstated by an unknown amount. Consequently, I was unable to determine the impact of the misstatements to bulk purchases stated at R153,29 million in note 30 to the financial statements.

Employee related costs

12. The municipality did not properly record employee related costs as required by SA Standard of GRAP. This was as a result of discrepancies between the underlying records and the financial statements. Consequently, employee related costs stated at R180,98 million in note 25 to the financial statements was misstated by an estimated amount of R14,07 million.

Commitments

13. The municipality did not properly account for capital commitments as required by SA Standards of GRAP 17 *Property, plant and equipment*. Discrepancies were identified between amounts recorded in the financial statements as well as supporting schedules and information. Furthermore, completed projects were still included in the capital commitments disclosure. I was unable to determine the full extent of the misstatement as it was impractical to do so. Consequently, commitments stated at R26,73 million (2018: R70 million) in note 35 to the financial statements was misstated by an unknown amount.
14. In addition, I was unable to obtain sufficient appropriate audit evidence for operational commitments as the supporting documents were not submitted for audit. I was unable to confirm the disclosure by alternative means. Consequently, I was unable to determine whether any further adjustments were necessary to operational commitments stated at R8,59 million in note 35 to the financial statements.

Irregular expenditure

15. The municipality did not include all irregular expenditure in the notes to the financial statements, as required by section 125(2)(d) of the MFMA. This resulted in irregular expenditure being misstated by an unknown amount. I could not confirm the irregular expenditure by alternate means. Consequently, I was unable to determine whether any adjustments were necessary to irregular expenditure stated at R266,21 million (2018: R249,04 million), as shown in note 42 to the financial statements.

Unauthorised expenditure

16. The municipality did not include all unauthorised expenditure in the notes to the financial statements, as required by section 125(2)(d) of the MFMA. This resulted in unauthorised expenditure being misstated by an unknown amount. I could not confirm the unauthorised expenditure by alternate means. Consequently, I was unable to determine whether any adjustments were necessary to irregular expenditure stated at R66,56 million (2018: R60,27 million), as shown in note 40 to the financial statements.

Cash flow statement

17. The municipality did not prepare the statement of cash flows in accordance with the requirements of SA Standards of GRAP 2, *Cash flow statements*. Cash flows from operating activities were misstated as finance costs and changes in working capital were not correctly accounted for and evidence to confirm payments to suppliers and others was not provided for audit purposes. I was unable to determine the full extent of the misstatements in the disclosure for the statement of cash flows as it was impractical to do so.

Contingent liabilities

18. The municipality did not properly record contingent liabilities as required by SA Standards of GRAP 19: *Provision, contingent liabilities and assets*. This was as a result of discrepancies between the financial statements and the confirmations obtained. Consequently, contingent liabilities stated at R64,49 million in note 36 to the financial statements was misstated by an estimated amount of R8,76 million.

Statement of comparison of budget and actual

19. The municipality did not prepare the statement of cash flows in accordance with the requirements of SA Standards of GRAP 24, *presentation of budget information in the financial statements*. This was as a result of discrepancies between the amounts in the statements and the supporting documents. I was unable to determine the full extent of the misstatements in the disclosure for the statement of cash flows as it was impractical to do so.

Context for the opinion

20. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of this auditor's report.
21. I am independent of the municipality in accordance with the International Ethics Standards Board for Accountants' *Code of ethics for professional accountants* (IESBA code) and the ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
22. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my adverse opinion.

Material uncertainty related to going concern

23. I draw attention to note 39 to the financial statements, which contains description of events or conditions identified that may cast significant doubt on the entity's ability to continue as a going concern. As stated in note 39, these events or conditions indicate that a material uncertainty exists that may cast significant doubt on the municipality's ability to continue as a going concern.

Emphasis of matters

24. I draw attention to the matters below. My opinion is not modified in respect of these matters.

Restatement of corresponding figures

25. As disclosed in note 39 to the financial statements, the corresponding figures for 30 June 2018 were restated as a result of an error in the financial statements of the municipality at, and for the year ended, 30 June 2019.

Fruitless and wasteful expenditure

26. As disclosed in notes 41 to the financial statements, the municipality incurred fruitless and wasteful expenditure of R1,78 million, (2018: R5,06 million) as it incurred interest on late payments.

Other matters

27. I draw attention to the matters below. My opinion is not modified in respect of these matters.

Unaudited disclosure notes

28. In terms of section 125(2)(e) of the MFMA, the municipality is required to disclose particulars of non-compliance with the MFMA in the financial statements. This disclosure requirement did not form part of the audit of the financial statements and, accordingly, we do not express an opinion on it.

Unaudited supplementary schedules

29. The supplementary information set out on pages xx to xx does not form part of the financial statements and is presented as additional information. We have not audited these schedules and, accordingly, we do not express an opinion on them.

Responsibilities of the accounting officer for the financial statements

30. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the SA Standards of GRAP and the requirements of the MFMA and Dora, and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

31. In preparing the financial statements, the accounting officer is responsible for assessing the Inkosi Langalibalele Local Municipality's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the municipality or to cease operations, or has no realistic alternative but to do so.

Auditor-general's responsibilities for the audit of the financial statements

32. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an

auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

33. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

Report on the audit of the annual performance report

Introduction and scope

34. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report material findings on the reported performance information against predetermined objectives for selected development priority presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.
35. My procedures address the reported performance information, which must be based on the approved performance planning documents of the municipality. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
36. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected objective presented in the annual performance report of the municipality for the year ended 30 June 2019:

Objective	Pages in the annual performance report
KPA 2: Improve access to basic service delivery	x – x

37. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
38. The material findings in respect of the usefulness and reliability of the selected objectives are as follows:

Percentage of consumers with access to electricity

39. The achievement for target Percentage of consumers with access to electricity reported in the annual performance report was 100%. However, the supporting evidence provided did not agree to the reported achievement and indicated an achievement of 76%.

Number of constructions of halls/creches and construction of road completed

40. The achievement for target Number of constructions of halls/creches and construction of road completed reported in the annual performance report was 12. However, the supporting evidence provided did not agree to the reported achievement and indicated an achievement of nine.

Various indicators

41. I was unable to obtain sufficient appropriate audit evidence that clearly defined the Predetermined source information and method of collection to be used when measuring the actual achievement for the various indicators below. This was due to a lack of technical indicator descriptions. I was unable to test whether the indicators were well-defined by alternative means.

Planned indicator	Planned Target	Actual achievement
% of refuse removal	100%	100%
Number of Substations, Kiosks, Minisubs maintained	250	432
Number of M ³ of damage roads which require rehabilitation	600 m ³	652.66 m ³
Number of street lighting maintained	3500	1750

Other matter

42. I draw attention to the matter below.

Achievement of planned targets

43. Refer to the annual performance report on pages x to x for information on the achievement of planned targets for the year.

Report on the audit of compliance with legislation

Introduction and scope

44. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the compliance of the municipality with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.

Annual financial statements

45. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of sections 122(1) of the MFMA. Material misstatements of current assets, current liabilities and disclosure items identified by the auditors in the submitted financial statements were subsequently corrected, but the uncorrected material misstatements resulted in the financial statements receiving an adverse opinion.

Expenditure management

46. Reasonable steps were not taken to prevent unauthorised expenditure, as required by section 62(1)(d) of the MFMA. The expenditure disclosed does not reflect the full extent of the unauthorised expenditure incurred as indicated in the basis for qualification paragraph. The majority of the disclosed unauthorised expenditure was caused by overspending on employee related costs.
47. Reasonable steps were not taken to prevent irregular expenditure, as required by section 62(1)(d) of the MFMA. The expenditure disclosed does not reflect the full extent of the irregular expenditure incurred as indicated in the basis for qualification paragraph. The majority of the disclosed irregular expenditure was caused by non-availability of sufficient information to confirm that the SCM process was followed.
48. Reasonable steps were not taken to prevent fruitless and wasteful expenditure amounting to R1,78 million, as disclosed in note 41 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the disclosed fruitless and wasteful expenditure was caused by the late payment of invoices.
49. Money owed by the municipality was not always paid within 30 days or an agreed period, as required by section 65(2)(e) of the MFMA.

Procurement and Contract Management

50. Some of the quotations were accepted from bidders who did not submit a declaration on whether they are employed by the state or connected to any person employed by the state, as required by MSCMR 13(c).
51. Some of the goods and services of a transaction value above R200 000 were procured without inviting competitive bids, as required by SCM regulation 19(a). Deviations were approved by the accounting officer even though it was not impractical to invite competitive bids, in contravention of SCM regulation 36(1). Similar non-compliance was also reported in the prior year.
52. Some of the contracts and quotations were accepted from bidders whose tax matters had not been declared by the South African Revenue Services to be in order, in contravention of the SCM regulation 43.
53. Sufficient appropriate audit evidence could not be obtained that the preference point system was applied in all procurement of goods and services above R30 000 as required by section 2(a) of the Preferential Procurement Policy Framework Act (PPPFA). Similar non-compliance was also reported in the prior year.

54. Sufficient appropriate audit evidence could not be obtained that contracts and quotations were awarded to suppliers based on preference points that were allocated and calculated in accordance with the requirements of the PPPFA.

Consequence management

55. All of the unauthorised, irregular, fruitless and wasteful expenditure incurred by the municipality was not investigated to determine if any person is liable for the expenditure, as required by section 32(2)(b) of the MFMA.

Asset management

56. An effective system of internal control for assets, including an adequate asset register, was not in place as required by section 63(2)(c) of the MFMA.

Revenue management

57. An effective system of internal control for debtors and revenue was not in place, as required by section 64(2)(f) of the MFMA.

Other information

58. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the financial statements, the auditor's report and those selected objective presented in the annual performance report that have been specifically reported in this auditor's report.
59. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.
60. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected objective presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
61. If, based on the work I have performed on the other information that I obtained prior to the date of this auditor's report, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Internal control deficiencies

62. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.
63. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the adverse opinion, the findings on the annual performance report and the findings on compliance with legislation included in this report.

64. Leadership did not provide adequate oversight and monitoring in ensuring that approved policies and action plans are implemented to fully address previous findings on the financial statements, predetermined objectives and compliance with legislation. Furthermore, consequence management was not effectively implemented for non-performance, to slow responses in addressing and implementing recommendations and transgressions reported.
65. Senior management did not implement proper record management processes and systems for the maintenance of documents supporting both the annual financial statements and reported performance. Additionally, compliance with procurement and contract management requirements were not implemented and monitored.

Auditor-General

Pietermaritzburg

3 February 2020



AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure – Auditor-general's responsibility for the audit

1. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements, and the procedures performed on reported performance information for selected objectives and on the municipality's compliance with respect to the selected subject matters.

Financial statements

2. In addition to my responsibility for the audit of the financial statements as described in this auditor's report, I also:
 - identify and assess the risks of material misstatement of the financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
 - obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the municipality's internal control
 - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting officer.
 - conclude on the appropriateness of the municipality's use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the municipality's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause a municipality to cease continuing as a going concern
 - evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

Communication with those charged with governance

3. I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
4. I also confirm to the accounting officer that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on my independence and, where applicable, related safeguards.

ANNUAL PERFORMANCE REPORT

2018-2019



**INKOSI LANGALIBALELE
LOCAL MUNICIPALITY**

1. Summary

The Municipal Performance Report mainly reflect on the performance of the municipality against set Key Objectives, National Key Performance Areas (KPA), Key Performance Indicators (KPIs) and Annual Targets. The Municipal Performance Management Systems consist of different tools for monitoring and reporting on performance which are implemented during the financial.

Legislative requirements

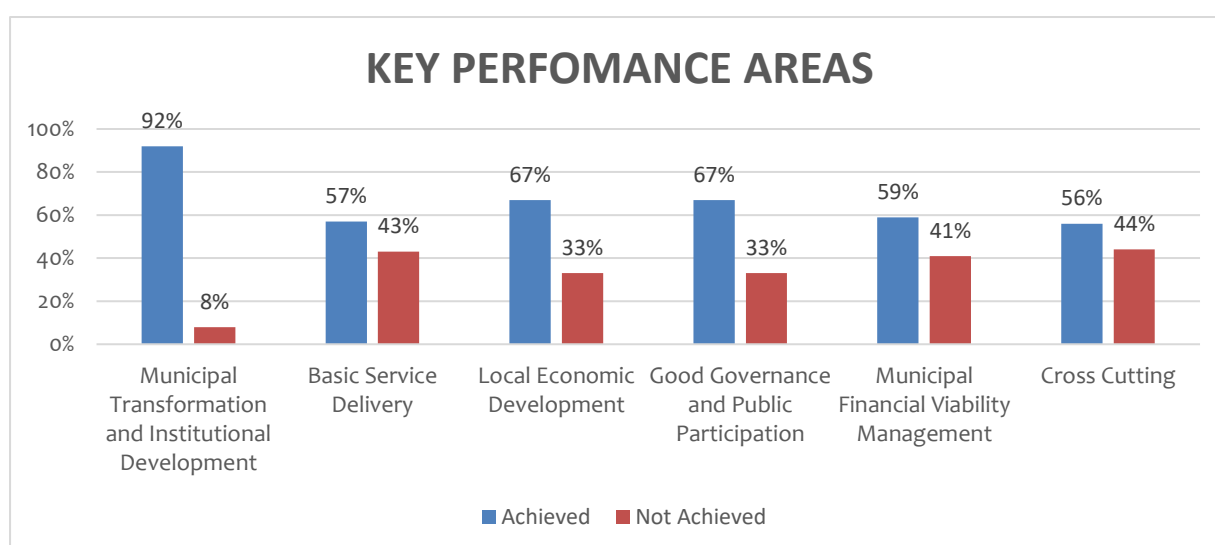
Municipal Systems Act, Section 46 Annual Performance Report states:

- 1) A municipality must prepare for each financial year a performance report reflecting-
 - a. The performance of the municipality and each external service provider during that financial year;
 - b. A comparison of the performance referred to in paragraph (a) with targets set for and performances in the previous financial year; and
 - c. Measures taken to improve performance.
- 2) An annual performance report must form part of the municipality's annual report in terms of Chapter 12 of the Municipal Finance Management Act.

The APR has been developed is in-line with legislative requirements.

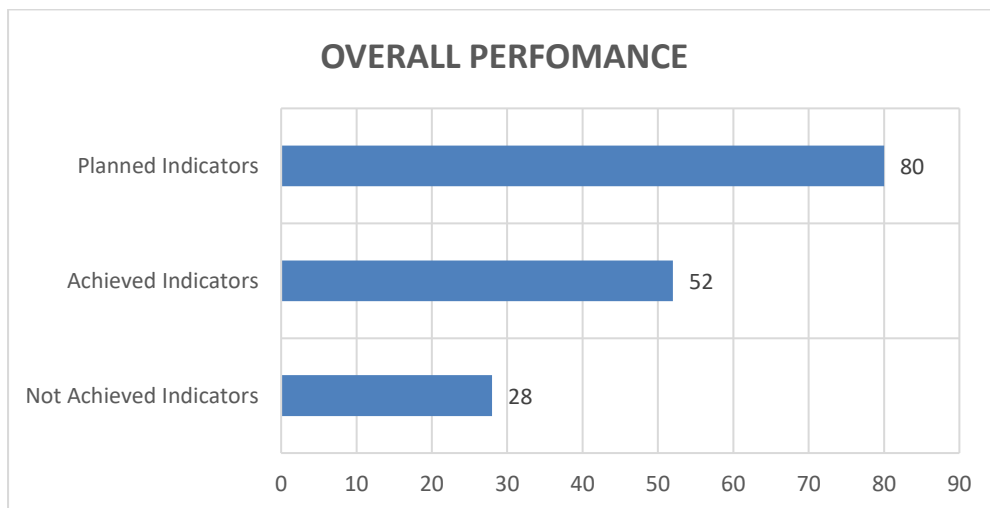
This report includes highlights from the key performance measures included in the reviewed adopted IDP, adopted SDBIP and adjusted SDBIP 2018/2019. These KPI's are constituted the Municipal Scorecard for 2018/2019. The results are assessed using traffic light criteria, according to their performance on targets. The Municipality reports on National Key Performance Areas as reflected on the graph below shall provide a summary report on individual KPA performance.

Graph: Achievements per Key Performance Area



The graph above illustrates that from the key performance area (KPA) in Municipal Transformation and Institutional Development, 11 (92%) indicators were achieved and 1 (8%) was not achieved. From the KPA in Basic Service Delivery, 8 (57%) were achieved and 6 (43%) were not achieved. From the KPA Local Economic Development, 4 (67%) were achieved and 2 (33%) were not achieved. From the KPA in Good Governance and Public Participation, 8 (67%) indicators were achieved and 4 (33%) were not achieved. From the KPA in Municipal Financial Viability Management, 16 (59%) were achieved and 11 (41%) were not achieved. Lastly from the KPA in Cross Cutting, 5 (56%) were achieved and 4 (44%) were not achieved.

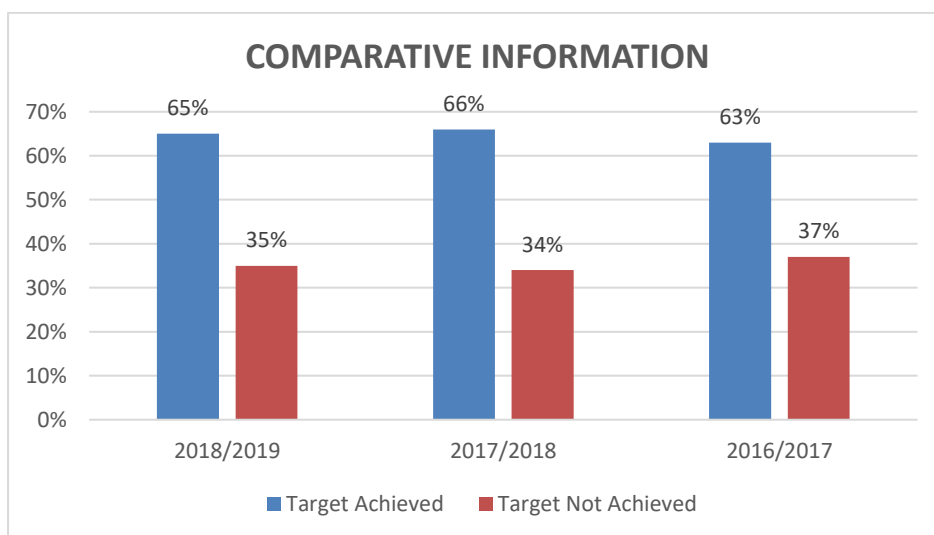
Graph: Overall performance



Traffic Light Status	2018/2019 Performance	2017/2018 Performance
Green – Met target	65%	66%
Red – Missed Target	35%	34%

In 2018/2019 financial year the graph above indicates that of the 80 indicators that were planned for the year, 52 (65%) were achieved and only 28 (35%) were not achieved. The challenges and the corrective measures are shown in this document as to how the management plans to omit the non-achievement of the same indicators going forward where applicable.

Graph: Comparative Target Achievement Information



The graph above shows the performance measurement of the Inkosi Langalibalele Municipality over 3 financial years. Performance in 2018/2019 decreased by 1% to 65% when compared to 2017/2018 financial year. In 2017/2018, of the 77 indicators that were planned, 51 (66%) were achieved and 26 (34%) were not achieved.

Areas for improvement are shown in **Excel Document** attached. Responsible departments and managers have provided commentary to put performance into context and identified actions that they are taking to address performance. Performance Monitoring underpins the Municipality's IDP in terms of reviewing progress regularly in achieving our priorities and delivering value for money. Early investigation of variances enables remedial action to be taken where appropriate.

2. Performance Management Processes

Performance Management System Policy Framework is in place as well as Reporting Standard Procedures are in place and Performance Management System Policy Framework was adopted by council and they meet the legislative requirements. The Performance Management System process is summarised in the table below:

Report	Frequency	Submitted for consideration and/or review to	Legislative Requirements
1. SDBIPs	Quarterly	Executive Committee	See MFMA Circular 13 of National Treasury for further information
2. Monthly budget statements	Monthly	Mayor (in consultation with Exco)	See sections 71 and 54 of the MFMA
3. Organizational Scorecard	Quarterly	Executive Committee	This PMS framework
4. SDBIP mid-year budget and performance	Annually during	Mayor (in consultation with Exco)	See sections 72 and 54 of the MFMA

assessment	January of each year		
5. Performance report	Annually	Council	See section 46 of the Municipal Systems Act as amended. Said report to form part of the annual report
6. Annual report with Annual Performance Report	Annually	Council	See chapter 12 of the MFMA

3. Performance and Supporting Information

This section indicates, in more detail, the performance of the Inkosi Langalibalele Local Municipality for the financial year and makes reference to the supporting documentation, included the Municipal Scorecard. The performance reporting of the municipality is done in line with the 6 national KPA's and is the focus of the MSA Section 46 requirements and therefore reflects the performance of the municipality for the financial year, comparisons to performance of the previous financial year and measures taken to improve performance.

Background to municipal scorecard

- The Municipal Scorecard **Appendix 1** approach reflects the 6 national KPA's and local priorities and enables a wider assessment of how the municipality is performing.
- The performance report is based on measures included within the Municipal Scorecard.
- This incorporates 80 priority measures (KPI's) The criteria used to reflect factors such as previous performance levels, comparative performance and budget implications.
- The traffic light system used to report performance is as follow:
 - **Green** – Performance target achieved
 - **Red** – Performance target not achieved

Summary performance results for all priority measures included in the municipal scorecard are as follows.

3.1. Municipal Institutional Development and Transformation

The overall score for the KPA is 92% in 2018/2019, an increase of 79% from the 13% of 2017/2018.

Total Targets for Municipal Institutional Development and Transformation	12	100%
Targets achieved	11	92%
Targets not achieved	1	08%

3.1.1. Performance Highlights for 2018/2019

For the financial year under review, the Municipality improved in this KPA compared to the previous financial year where only 1 target was achieved.

3.1.2. Challenges

The GM Development Planning remains vacant as the municipality was unable to fill the post as targeted in the financial year.

3.1.3. Measures Taken to improve Performance

General Manager's post has been re-advertised on 30 June 2019 and is anticipated to be filled in Q2 2019/2020 financial year.

3.2. Basic Service Delivery

The overall score for the KPA is 64% for 2018/2019, an increase of 1% from the 63% in 2017/2018 financial year.

Total Targets for the Basic Service Delivery	14	100%
Targets achieved	8	57%
Targets not achieved	6	43%

3.2.1. Performance Highlights for 2018/2019

The municipality was able to achieve a significant number of targets: MIG and INEP projects expenditure, provision of electricity and refuse removal services as targeted, maintenance of electricity infrastructure, rehabilitation of roads, approval of housing projects to mention just a few.

3.2.2. Challenges

The municipality has achieved 100% MIG expenditure, however, experienced a problem with the MIGMIS not updating expenditure spent correctly. The shortage of materials and capital budget for the purchase of bucket trucks led to some targets not being achieved for maintenance of streetlights. The municipality experienced financial constraints during the financial year and cost containment were applied which led to some target not being achieved as municipality was unable to purchase materials for some roads infrastructure projects. The delay in finalization of the amended layout by the Municipal Planning Tribunal led to an achieved target for housing units construction. The Implementing Agent was behind schedule on completion of rectified housing units due to challenges experienced

with sub-contractors. The Housing Consumer education trainings were not achieved as the municipality experienced delays in staff training.

3.2.3. Measures Taken to improve Performance

A meeting was convened with COGTA MIG to rectify MIG expenditure records. Purchase of road and electricity infrastructure materials and equipment is to be prioritised in the next FY. The Municipal Tribunal has finalized the amended layout and stage 3 applications have been submitted to the DoHS for construction of outstanding housing units. The Implementing Agent has appointed new subcontractors to fast-track the implementation of rectified housing units. The staff has received training and plans are currently underway for the unit to provide Housing Consumer Education Trainings.

3.3. Local Economic Development

The overall score for the KPA is 67% for 2018/2019, the same as 2017/2018 financial year.

Total Targets for Local Economic Development	6	100%
Targets Achieved	4	67%
Targets not Achieved	2	33%

3.3.1. Performance Highlights for 2018/2019

SMME business development workshops and sessions were conducted and municipality was able to achieve support of local business through its activities. The business retention and expansion activities were also achieved by the municipality. Job opportunities were created through EPWP and CWP programmes and municipality was able to alleviate poverty in this regard.

3.3.2. Challenges

Due to delays experienced the municipality was unable to finalize LED Development Strategy. Lack of attendance by political office bearers led to unachieved target for Local Tourism Forum

3.3.3. Measures Taken to improve Performance

Service Provider has been appointed for the development of LED strategy, estimated completion date is September 2019. The LED strategy will then be adopted by Council for implementation thereafter. The municipality is working closely with political office bearers to ensure the Local Tourism meetings are convened as per terms of reference.

3.4. Good Governance and Public Participation

The overall score for the KPA is 67% in 2018/2019, a decrease of 17% from the 84% in 2017/2018 financial year.

Total Targets for Good Governance	12	100%
Targets achieved	8	67%
Targets not Achieved	4	33%

3.4.1. Performance Highlights for 2018/2019

The municipality has achieved on the following KPI's: Council meetings, functional ward committees, development and submission of PMS Internal Audit reports to Audit Committee, Audit Committee meetings convened, roads law enforcement and maintain functional libraries.

3.4.2. Challenges

MPAC meetings convened at the beginning of the financial year, however quorum was not achieved which led to unachieved of MPAC functionality. The delays in submission of information from the municipal departments led to delay in development of Batho Pele documents. High vacancy rate in the Community Services Road safety business unit led to unachieved road safety school visit campaigns.

3.4.3. Measures Taken to improve Performance

The Municipality sought political intervention with regards to MPAC functionality, and timeously notifications of members to ensure that MPAC meetings are convened. Draft Batho Pele documents have been developed and are currently being finalized. A workshop is to be convened for all managers at extended MANCO and documents are to be finalized in Q1 2019/2020. An acting traffic manager was appointed to overseas the road safety intervention schools campaign function to ensure that targets are achieved.

3.5. Municipal Financial Viability and Management

The overall score for the KPA is 59% for 2018/2019, down by 41% from the 100% in 2017/2018 financial year.

Total Targets for Municipal Financial Viability and Management	27	100%
Targets Achieved	16	59%
Targets not Achieved	11	41%

3.5.1. Performance Highlights for 2018/2019

The municipality achieved development of financial reporting as per legislative requirements

3.5.2. Challenges

Data on MUNSOFT system needed cleansing for accurate reporting on financial indicators. The unit had capacity constraints which led to timeous achievement of monthly asset reconciliations, bi-annual asset verification, annual asset register development and

contract register updates. The lack of monthly and quarterly AFS led to municipality not being able to accurately calculate current ratio quarterly. The delays in receipt of updated supplier legal documents (tax clearance, CSD, etc.) led to delays in payments of creditors. Late submissions by departments led to delay in development of procurement plan. The Municipality experienced financial constraints which contributed to unachieved targets.

3.5.3. Measures Taken to improve Performance

Data cleansing process underway. Handover of debtors to lawyers to fast track collection of outstanding revenue. Municipality has developed funded budget plan. A service provider has been appointed to develop the asset register and is also doing a transfer of skills to staff. A service provider has been appointed to conduct asset verification and is also doing a transfer of skills to staff. An asset register draft has been developed and currently being finalised. The Service Provider appointed is currently transferring skills to identified finance personnel, current ratio will be calculated bi-annually. Strengthening credit control, implementing daily disconnections and hand-over outstanding debt will assist municipality improve financial status. Enhance revenue collection. Constant remind of service providers to ensure legal documents are updated for timeous payments of invoices. A draft Procurement Plan has been developed and is to be finalized in Q1 of 2019/2020 financial year. Support from Treasury has been requested for staff training to ensure development, updating on contract register.

3.6. Cross-Cutting Intervention

The overall score for the KPA is 56% for 2018/2019 financial year, an increase by 16% from the 40% in 2017/2018 financial year.

Total Targets for Cross Cutting Intervention	9	100%
Targets achieved	5	56%
Targets not achieved	4	44%

3.6.1. Performance Highlights for 2018/2019

The municipality achieved 100% implementation of SPLUMA at the end of the financial year despite challenges experienced during the financial year. The number of SPLUMA applications anticipated to be approved in the financial year were approved. The municipality held Disaster Management Advisory Forums meetings and responded to all reported disasters.

3.6.2. Challenges

Capacity constraints in the business unit led to unachieved Spatial Development Framework target. The vacancy in GM position led to delay in sitting of portfolio committee members which led to delay in appointment of MPT members and authorize officer. Meetings between services provider, municipality and Inkosi not convened led to unachieved Single Scheme developed target. Financial constraints resulted in Disaster Management Plan Review target not being achieved.

3.6.3. Measures Taken to improve Performance

Service Provider appointed for development of Spatial Development Framework and an inception report has been developed. The Spatial Development Framework to be completed in June 2020 and adopted by Council for implementation. Challenges experienced with SPLUMA implementation escalated to the Municipal Manager for action and assistance. Members of MPT appointed and MPT meetings convened. Extension for development of single scheme granted to service provider and is to be completed December 2019. The Disaster Management Plan draft has been developed with the assistance of UThukela DM, should be finalised in Q1 2019/2020.

4. Lessons Learnt and Way Forward

Implementation of Performance Management System is a responsibility of every manager although coordinated by the Office of the Municipal Manager. An adequate review of Portfolio of Evidence files must be done by S54/56 managers and PMS unit and actuals must be reported as per available evidence. The quarterly reviews of S54/56 managers must be done timeously in order to assist the municipality concluded on quarterly reports timeously. Corrective measures for unachieved targets must also be monitored so that the municipality is able to improve on achievement of targets



Assessment of the performance of External Service Provider

The monitoring of the service provider performance is ensured through the signing of the Service Level Agreement. It is currently being done by user department levels. The end user department is providing monthly reports to the SCM unit as well. Service providers who fail to perform are reported to SCM and the necessary action is taken including the termination of the contract or cancellation of an order.

Example:

<i>Assessment Key</i>	
<i>Good (G)</i>	The service has been provided at acceptable standards and within the time frames stipulated in the SLA/Contract
<i>Satisfactory (S)</i>	The service has been provided at acceptable standards and outside of the timeframes stipulated in the SLA/Contract
<i>Poor (P)</i>	The service has been provided below acceptable standards

No.	Bid Number	Name of external Service Provider	Date Contract Awarded	Service provided in terms of the SLA	Value of project	Comparison with previous year 2017/2018		Current Financial Year 2018/2019		Assessment of Service Providers Performance			Measures taken to improve performance
						Target	Actual	Target	Actual	G	S	P	
1	ILM 23-17/18	MCHILOBOVO CIVIL CONSTRUCTION	11 December 2017	Construction of Ezimfeneni Community Hall and creche facilities	R 2 973 390.75	90%	90%	100%	100% and Practical Completion Certificate	S			N/A
2	ILM 29-17/18	XJR CONSTRUCTION	06 JUNE 2017	Rehabilitation of Weenen Taxi Rank and Market Stalls	R 2 973 992.67	100%	90%	100%	96% and Practical Completion Certificate	S			N/A
3	ILM 24-17/18	INSTABULA TRADING ENTERPRISE	04 DECEMBER 2017	Construction of Thembalihle Creche	R 1 062 072.00	100%	80%	100%	98% and Practical Completion Certificate	S			N/A

No.	Bid Number	Name of external Service Provider	Date Contract Awarded	Service provided in terms of the SLA	Value of project	Comparison with previous year 2017/2018		Current Financial Year 2018/2019		Assessment of Service Providers Performance			Measures taken to improve performance
						Target	Actual	Target	Actual	G	S	P	
4	ILM 25-17/18	INSTABULA TRADING ENTERPRISE	04 DECEMBER 2017	Construction of Haviland Creche	R 1 062 072.00	100%	80%	100%	92% and Practical Completion Certificate	S			N/A
5	ILM 22-17/18	KHINDLIMUKA PLUMBING AND CIVIL WORKS	07 DECMBER 2017	Construction of Dikwe Pedestrian bridge	R 2 012 381.58	90%	90%	100%	98% and practical completion certificate	S			N/A
6	ILM 26-17/18	NDU CIVILS	07 DECEMBER 2017	Construction Newlands / Loshloy pedestrian bridge	R 1 416 418.08	15%	15%	100%	95% and practical completion certificate	P			Subcontractors used to complete the project due to poor performance of main contractor
7	ILM 30-17/18	ZIYAMASHA TRADING CONTRACTING	07 DECMBER 2017	Upgrade of 4 Km Thwathwa gravel road	R 4 185 988.42	100%	95%	100%	100% and final completion certificate	G			N/A
8	ILM 32-17/18	SELE & MUSA TRADING TOURS	01 MARCH 2018	Upgrade of Intshana Moyeni gravel road	R 6 968 513.44	45%	49%	100%	92%	P			Delays from contractor due to injuries. Contractor appointed subcontractor and completion is expected Q1 19/20
9	ILM 28-17/18	R & D CONTRACTORS	12 DECEMBER 2018	Upgrade of 2kmJennings – Gemini Link Road black top	R 12 988 003.46	90%	75%	100%	98% and practical completion certificate	S			N/A
10	ILM 20-17/18	BAITHUSI TRADING 119 CC	25 JANUARY 2018	Construction of 2 km Mshayazafe Black top	R 9 921 503.16	40%	45%	100%	91% and practical Completion certificate	S			N/A
11	ILM 21-17/18	SINOTHANDO CONSTRUCTION CC	14 FEBRUARY 2018	Upgrade of 2 km C Section black top	R 9 066 203.06	35%	35%	100%	90% and practical completion certificate	S			N/A
12	ILM 23-17/18	INSTABULA TRADING ENTERPRISE	04 DECMBER 2018	Construction of Msobotheni community hall and creche	R 3 570 558.00	100%	55%	100%	98% practical completion certificate	S			N/A
13	ILM 1-18/19	ZIYAMASHA TRADING & CONTRACTING	17 MAY 2019	Upgrade of access Siphokhule gravel road	R 9 932 640.85	N/A	N/A	50%	25%	S			N/A
14	ILM 91-17/18	Bana Consulting	15 October 2018	Panel of Financial Management Specialist - VAT	17.5% collected VAT	N/A	N/A	Collection of VAT	Collection of VAT	G			N/A
15	ILM 91-17/18	MNTAMBO CONSULTING	15 October 2018	Panel of Financial Management Specialist – Internal Audit	Hourly rate	N/A	N/A	100% implementation of IA plan	100% implementation of IA plan	G			N/A

No.	Bid Number	Name of external Service Provider	Date Contract Awarded	Service provided in terms of the SLA	Value of project	Comparison with previous year 2017/2018		Current Financial Year 2018/2019		Assessment of Service Providers Performance			Measures taken to improve performance
						Target	Actual	Target	Actual	G	S	P	
16	ILM 45-18/19	BONAKUDE CONSULTING	24 April 2019	Development Annual Financial Statements	R1 633 826.51	N/A	N/A	Development Annual Financial Statements	Development Annual Financial Statements	S			N/A
17	ILM 14-18/19	BONAKUDE CONSULTING	24 April 2019	Development of Asset Register	R2 838 920	N/A	N/A	Development of Asset Register	Development of Asset Register	S			N/A

INKOSI LANGALIBALELE LOCAL MUNICIPALITY														
ANNUAL PERFORMANCE REPORT - ORGANIZATIONAL SCORECARD														
2018/2019 FINANCIAL YEAR														
IDP/SDB IP NO.	OBJECTIVES	STRATEGIES	KEY PERFORMANCE INDICATOR	2017/2018		2018/2019		STATUS Achieved/ Not Achieved	ANNUAL BUDGET	BLOCKAGE	CORRECTIVE MEASURES	RESPONSIBLE DEPARTMENT	PORTFOLIO OF EVIDENCE	WARD NO.
				TARGET	ACTUAL	ANNUAL TARGET	ANNUAL ACTUAL							
Municipal Transformation and institutional Development														
MT001	To ensure compliance with MSA	Annual Review of the IDP	Date of 2019/2020 Final IDP adopted	30-Jun-18	30-May-18	30-Jun-19	30-May-19	Achieved	N/A	N/A	N/A	Office of the Municipal Manager	Council Resolution & Adopted IDP	n/a
MT002	Ensure Functional Performance Management System	Implementatio n of PMS Policy & Framework	Date 2019/2020 PMS Policy/Framework adopted	30-Jun-18	30-May-18	30-Jun-19	27-Jun-19	Achieved	N/A	N/A	N/A	Office of the Municipal Manager	Council Resolution & PMS Policy / Framework	n/a
MT003	To report and monitor Service Delivery		Date of 2017/2018 Final Annual Report & Annual Performance Report Submitted to council	31-Mar-18	31-Mar-18	31-Mar-19	27-Mar-19	Achieved	N/A	N/A	N/A	Office of the Municipal Manager	Annual Report Council Resolution	n/a
MT004	To ensure effective and efficient internal and external communication strategy.	Develop and implement Communication Framework/ Strategy	Date Communication strategy adopted	N/A	N/A	30-Jun-19	30-May-19	Achieved	R 0	N/A	N/A	Office of the Municipal Manager	Communication Strategy & Council Resolution	n/a
MT005	Improve institutional and organisational Capacity	Filling of critical identified critical posts by 30th June 2019	Date 2019/2020 organizational structure adopted by Council	Jun-18	Jul-18	30-Jun-19	30-May-19	Achieved	R 0	N/A	N/A	Corporate Services	Approved Organizational Structure & Council Resolution	n/a
MT006			100% of all critical Section 54/56 Managers filled	100%	0%	100% (1 post)	0%	Not achieved	R 0	Council resolved that there was no suitable candidates after recruitment, selection process	Post has been re-advertised (30.06.19), anticipated to be filled in Q2, 19/20 FY	Corporate Services	Appointment letter for GM, Advert and Council Resolution	n/a
MT007		Employment equity plan adopted	Date 18/19 employment equity plan submitted to Labour	30-Jun-18	30-Jun-18	30-Jun-18	20-Dec-18	Achieved	R 0	N/A	N/A	Corporate Services	Proof of submission to Labour and Employment	n/a
MT008		Skills development plan adopted and	Date 2018/2019 WSP and 2017/2018 ATR submitted to	30-Apr-18	30-Apr-18	30-Apr-19	18-Apr-19	Achieved	R 0	N/A	N/A	Corporate Services	Proof of submission to LGESTE and 2018/2019 WSP	n/a
MT009	To ensure an effective and efficient HR systems that addresses Human resources within the	Revised HR Strategy	Date HR Strategy reviewed and adopted by Council	N/A	N/A	31-Dec-18	30-May-19	Achieved	R 0	N/A	N/A	Corporate Services	HR Strategy & Council Resolution	n/a
MT010	To ensure an effective and efficient functionality of the municipality.	Review and adopt all HR policies	Date all HR policies reviewed and adopted by Council	N/A	N/A	30-Jun-19	30-May-19	Achieved	R 0	N/A	N/A	Corporate Services	Council Resolution and all Adopted reviewed HR Policies	n/a
MT011	Provision of effective ICT service	Review ICT Framework	Date ICT Governance Framework, ICT Strategy and ICT Policy adopted by Council	N/A	N/A	30-Jun-19	06-Dec-18	Achieved	R 0	N/A	N/A	Corporate Services	Council resolution and adopted ICT Governance Framework, ICT Strategy and ICT Policy	n/a

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				TARGET	ACTUAL	ANNUAL TARGET	ANNUAL ACTUAL							
MT012	To ensure effective records management	Implement decentralized records management by the Municipality	Date of Effectively implementation to decentralized registry	N/A	N/A	30 June 2019	30 June 2019	Achieved	R 0	N/A	N/A	Corporate Services	Registry records book	
Basic Service Delivery														
BS001	Improve Access to basic services	Ensuring access to refuse Removal in all housing units	100% Waste collection	100%	100%	100%	100%	Achieved	R 0	N/A	N/A	Community Services	Schedule/Billing System and report	All
BS002	Improvement of Electricity Infrastructure	Implementatio n of Capital projects	% of MIG Expenditure	100%	100%	100%	100%	Achieved	R 36,949,000	N/A	N/A	Public Works and Basic Services: Civil	MIG Certificate of Expenditure and Revenue. Letter from MIG	n/a
BS003	Improve Access to Basic Services	Ensuring consumers have access to Electricity	Number of existing consumer with access to electricity	13 300	11 933	13 300	13264	Achieved	R 7,000,000	N/A	N/A	Public Works & Basic services: Electricity	Completion certificates/ Monthly Reports	7,8,9,10,17 ,18,21
BS004			percentage of new consumer with access to electricity within ILM area of supply	100%	90%	100%	100%	Achieved	R 705,000	N/A	N/A	Public Works and Basic Services: Civil	Monthly Reports	7,8,9,10,17 ,18,21
BS005	Improve Access to basic services	Provision of Free Basic Electricity	Percentage of approved indigent customers	100%	100%	100%	100%	Achieved	R 3,724,180	N/A	N/A	Budget and Treasury	Indigent Register	All
BS006	Improvement of Electricity Infrastructure	Maintenance of Electricity Infrastructure	Number of Substations, Kiosks, Minisubs maintained	250	250	250	432	Achieved	R 7,000,000	N/A	N/A	Public Works and Basic Services: Electricity	Monthly Reports	7,8,9,10,17 , 18, 21
BS007			Number of Streetlighting maintained	3500	3500	3500	1750	Not achieved		Shortage of materials and capital budget (for purchase of bucket trucks) led to target not being achieved	Purchase materials and two additional bucket trucks in 19/20 FY	Public Works and Basic Services: Electricity	Monthly Reports	7,8,9,10,17 , 18, 21
BS008	Access to Basic Services	Improve condition of tarred roads	Number of km of surfaced roads ressealed	20km's	Not Achieved	17.6 km	o km	Not achieved	R 680,000.00	Due financial contrants	Funded budget in 19/20	Public Works & Basic services: Civil	Monthly Report	n/a
BS009			Number of m ³ of damaged roads that require rehabilitation	600m ³	600m ³	600 m3	652.66 m3	Achieved	R 680,000	N/A	N/A	Public Works & Basic services: Civil	Monthly Report	All
BS011	Access to Basic Services	Transform rural & urban settlement into integrated & sustainable human settlement	Number of approved stage one and two pipeline projects	8	3	7	13	Achieved	DoHS	N/A	N/A	Planning & Economic Development Department	BI-lateral agreement	wards 7,5&19
BS012			Number of units to be completed	100	100	45	0	Not achieved	DoHS	Municipal Planning Tribunal delayed approval of amended layout	Municipal Planning Tribunal finalized amended layout on 29 April 2019. The Stage 3 pack has been finalized and submitted to DoHS for the construction of outstanding units in 19/20 FY	Planning & Economic Development Department	D6 form	n/a

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				TARGET	ACTUAL	ANNUAL TARGET	ANNUAL ACTUAL							
BS013			Number of complete rectified units	100	0	75	10	Not achieved	DoHS	Implementing Agent behind schedule due to challenges experienced with sub contractors	Contractors has appointed new sub contractors to fast track implementation of target to be achieved in 19/20 FY	Planning & Economic Development Department	Happy Letters	n/a
BS014			Number of Housing Consumer Education Trainings to be held.	22	0	5	2	Not achieved	R5,000	Delay in training of units personnel who were to implement the Housing Consumer Education Trainings	Unit personnel trained in March , now implementing Housing Consumer Education Trainings in 19/20 FY	Planning & Economic Development Department	Attendance Registers	n/a
BS015	Access to Basic Services	Construction of Municipal Facilities and roads	Number of contructions of Halls/Creche and construction of Roads completed	N/A	N/A	13	12	Not achieved	R 36,949,000	Delays from contractor due to injuries	Contractor appointed subcontractor and completion is expected Q1 19/20	Public Works & Basic services: Civil	Completion certificates/ Monthly Reports	
Local Economic Development														
LED001	Enhancement Inkosi Langalibalele Local Economic Development	LED policy reviewed	Date LED Development strategy adopted	N/A	N/A	30-Jun-19	Not achieved	Not achieved	R 0	An extension was requested due to delays	Service Provider Apointed, LED strategy to be completed in Sepetember 2019 and adopted by Council for implementation	Planning & Economic Development Department	Council Resolution LED Strategy	n/a
LED002	Improve support to Local Development	Support of local businesses	Number of SMME's business development workshop and sessions conducted by 30 June 2019	N/A	N/A	15	23 4 workshops 19 sessions	Achieved	R 0	N/A	N/A	Planning & Economic Development Department	Attendance Registers / Reports / Support activies	All
LED003			Number of business retention and expansion activities	N/A	N/A	4	13	Achieved	R 0	N/A	N/A	Planning & Economic Development Department	Attendance Registers / Reports / Programme	All
LED004	To promote tourism development	To ensure Tourism awareness	2 Local Tourism Forum to be held	4	4	2	0	Not achieved	R 0	Lack of attendance by political officer bearers who chair meetings as per TOR and financial constraints	Aligning to TOR and assistance from OMM with political office bearers, forums to be convened in 19/20 FY	Planning & Economic Development Department	Attendance Register, agenda & Munites	All
LED005	Creating job opportunities to alleviate poverty	Implementatio n and facilitation of EPWP and CWP programme	Number of Jobs opportunities created through EPWP programme	300	329	300	302	Achieved	R 0	N/A	N/A	Community Services	List of beneficiaries	
LED006			Number of Jobs opportunities created through CWP programme	1400	1000	1400	1495	Achieved	R 0	N/A	N/A	Community Services	List of beneficiaries	
Good Governance and Public Participation														
GG001	To facilitate Good Governance	Coordination of Council Meetings by the end of June 2019	Number of Council meetings sitting per annum	4	15	4	10	Achieved	R 0	N/A	N/A	Corporate Services	Agendas, Minutes and Attendance Registers	n/a
GG002			Number Of EXCO	12	19	12	10	Not achieved	R 0	Previous Administrator resolved one 1 EXCO per quarter	N/A	Corporate Services	Agendas, Minutes and Attendance Registers	n/a

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				TARGET	ACTUAL	ANNUAL TARGET	ANNUAL ACTUAL							
GG003	Effective Public Participation	Ensure functional ward committee	Number of functional wards in the municipality	23	23	23	23	Achieved	R 180,000	N/A	N/A	Office of the Municipal Manager	Attendance Register, Reports & Minutes	All
GG3.3			Number of Ward Committee Meetings held	276	276	276	276	Achieved		N/A	N/A	Office of the Municipal Manager	Attendance Register, Minutes & Sector Reports	All
GG004	To ensure credible reporting	Functional Internal Audit	Number of PMS Internal Audit Reports submitted PAC	N/A	N/A	4	5	Achieved	R 0	N/A	N/A	Office of the Municipal Manager	IA PMS Reports, PAC Agenda, attendance register and Minutes	n/a
GG005	Improve the municipal Audit opinion	Effective Audit Committee	Number of Audit/ Performance Audit meetings held	4	4	4	4	Achieved	n/a	N/A	N/A	Office of the Municipal Manager	Attendance Register, Minutes	
GG006		Oversight meetings held	Number of MPAC meetings held	4	4	4	2	Not achieved	n/a	Meetings convened however quorum not met and meetings couldn't proceed	Political intervention seeked. Timeously notification for members.	Office of the Municipal Manager	Attendance Register, Minutes, Agenda	
GG007	Effective Public Participation	Ensure compliance with Batho Pele Principles	Date aproval of Batho Pele documents developed/ (Batho Pele Policy & Service Charter)	N/A	N/A	30-Jun-19	Not achieved	Not achieved	R 0	Delays in submission of information from Departments delayed finalization for Batho Pele documents	A draft has been developed pending finalizational . A workshop to be convened for all managers @ Extended MANCO. Batho Pele documents to be finalized in Q1 2019/2020	Office of the Municipal Manager	Council Resolution & Batho Pele Policy & Service Charter	n/a
GG008	Improve of Law enforcement	To ensure provision of a safe and secure environment for all Inkosilangaliba lele residents	Number of road Safety interventions/camp aigns conducted (School Visits)	12	12	8	6	Not achieved	R 0	High vacancy rate in the business unit led to target being unachieved	An acting traffic manager appointed to oversea this function to ensure target are achieved	Community Services	Monthly Report	n/a
GG009	To ensure that Law Enforcement is conducted	To Conduct road blocks	3 Road blocks conducted	4	4	12	55	Achieved	R 0	N/A	N/A	Community Services	Monthly Report	n/a
GG010	To promote compliance with Road Traffic Act	Processing of all vehicles' applications received	100% processing of all vehicles' applications received	100%	100%	100%	100%	Achieved	R 0	N/A	N/A	Community Services	Monthly Report	n/a
GG011	To conduct testing and issuing of Learner Licences and Driving Licences	Issuing of leaners' licences and Driving Licences to all successful applicants tested	100% issuing of learners' licences and driving licences to all successful applicants tested	100%	100%	100%	100%	Achieved	R 0	N/A	N/A	Community Services	Monthly Report	n/a
GG012	Enhancing education within I L Municipality	Improved Library membership	Number of functional Libraries in the municipality	6	6	6	6	Achieved	GRANT	N/A	N/A	Community Services	Statistics Records	n/a
Municipal Financial Viability Management														

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				TARGET	ACTUAL	ANNUAL TARGET	ANNUAL ACTUAL							
FV001	Improved budget implementation in the municipality	Optimize the expenditure of capital budget	Percentage Capital expenditure budget implementation (actual capital expenditure/budge t capital	100%	100%	100%	109%	Achieved	R 59,944,000	N/A	N/A	Budget and Treasury	Monthly report	n/a
FV002		Optimize expenditure of operational budget	Percentage operating expenditure budget implementation (actual operating expenditure/budge t operating revenue x 100)	100%	90%	100%	100%	Achieved	R 527,738,000	N/A	N/A	Budget and Treasury	Monthly report	n/a
FV003		Optimize actual services charges and property rates revenue	Percentage service charges and property rates revenue buget implementation (actual service charges and property rates revenue/budget service charges and property rates revenue x 100)	100%	85%	100%	96%	Not achieved	R 330,711,000	Data on munsoft system needed cleansing for accurate reporting	Data cleansing process underway. Handover of debtors to lawyers to fasttrack collection of ourstanding revenue in 19/20 FY	Budget and Treasury	Monthly report	n/a
FV004		Optimize revenue of operational budget	Percentage operational revenue buget implementation (actual service charges and property rates revenue/budget service charges and property rates revenue x 100)	100%	85%	100%	97%	Not achieved	R 528,902,000	Data on munsoft system needed cleansing for accurate reporting	Data cleansing process underway. Handover of debtors to lawyers to fasttrack collection of ourstanding revenue in 19/20 FY	Budget and Treasury	Monthly report	n/a
FV005	Improved Asset Management	Optimise expenditure of asset and risk management Improve municipal financial and administrative capacity	% Budget spent on Repairs and Maintainance of Assets	100%	100%	100%	91%	Not achieved	R 12,729,000	Cash flow challenges, municipality was operating on an unfunded budget which required municipality to decrease expenditure	Municipality developed funded budget plan to be implemented in 19/20 FY	Budget and Treasury	Monthly report	n/a
FV006			Number of Asset register updated on a quarterly basis and report submitted to the MM	4	4	4	4	Achieved	R 0	N/A	N/A	Budget and Treasury	Quarterly report	n/a
FV007			Number of Monthly Asset reconciliation developed	12	12	12	0	Not achieved	R 0	Capacity constraints	A service provider has been appointed to develop the asset register and is also doing a transfer of skills to staff to be completed Q1 19/20	Budget and Treasury	Monthly report	n/a

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				TARGET	ACTUAL	ANNUAL TARGET	ANNUAL ACTUAL							
FV008			Number of Assets Bi-annual verification conducted	2	2	2	0	Not achieved	R 0	Capacity constraints	A service provider has been appointed to conduct asset verification and is also doing a transfer of skills to staff to be completed Q1 19/20	Budget and Treasury	Bi Annual Asset Register	n/a
FV009			Date annual Asset register reviewed	30-Jun-18	Not Achieved	30-Jun-19	Not achieved	Not achieved	R 0	Capacity constraints	Draft has been developed and currently being finalised to be completed Q1 19/20	Budget and Treasury	Updated Asset Register	n/a
FV010	Improve municipality's financial and adminstrative capaity	Tabling of budget process plan	Date 19/20 Budget Process Plan approved	30-Aug-17	30-Aug-17	30-Sep-18	30-Aug-18	Achieved	R 0	N/A	N/A	Budget and Treasury	Council Resolution & Process Plan	n/a
FV011		Adoption of adjustment 2018/2019, draft 2019/2020 and original budget 2019/2020	Date Adjustments Budget 2018/19 approved	31-Mar-18	31-Mar-18	31-Mar-19	28-Feb-19	Achieved	R 0	N/A	N/A	Budget and Treasury	Council Resolution & 2018/2019	n/a
FV012			Date Draft Budget 2019/20 approved	31-Mar-18	31-Mar-18	31-Mar-19	27-Mar-19	Achieved	R 0	N/A	N/A	Budget and Treasury	Council Resolution & 2019/2020 Draft Budget	n/a
FV013			Date Final Budget 2019/20 approved	30-May-18	30-May-18	30-May-19	30-May-19	Achieved	R 0	N/A	N/A	Budget and Treasury	Council Resolution & 2019/2020 Final Budget	n/a
FV014		Submission of in-year monitoring as per MFMA	Number of Section 71 Reports, to Mayor, PT and NT	12	12	12	12	Achieved	R 0	N/A	N/A	Budget and Treasury	Monthly report/Proof of submission to the Mayor, PT & NT	n/a
FV015			Number of Section 32 Reports (UIFW) submitted to Council and MPAC	4	4	4	4	Achieved	R 0	N/A	N/A	Budget and Treasury	Quarterly report & Proof of submission to Council, Cogta & AG	n/a
FV016			Number of Section 11 reports submitted to Council	4	4	4	4	Achieved	R 0	N/A	N/A	Budget and Treasury	Quarterly report/proof of submission to Council, PT & AG	n/a
FV017			Number of Section 66 Report submitted to	4	4	4	4	Achieved	R 151,714,000	N/A	N/A	Budget and Treasury	Quarterly report/ Council Resolution	n/a
FV018			Number of Section 52(d) reports submitted to	4	4	4	4	Achieved	R0	N/A	N/A	Budget and Treasury	Quarterly report/ Council Resolution & Proof	n/a
FV019		Revenue enhancement management capacity	Current Ratio	3 months	0 month	01:02	Not achieved	Not achieved	R 0	Monthly and quarterly AFS are not developed and could therefore not calculate current ratio quarterly	The Service Provider appointed is currently transferring skills to identified finance personnel, current ratio will be calculated bi- annually, current ratio to improve in 19/20 FY	Budget and Treasury	Cash Flow Position	n/a

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				TARGET	ACTUAL	ANNUAL TARGET	ANNUAL ACTUAL							
FV020			Cost Coverage Ratio	3 months	0 month	3 months	minus 1.7 months	Not achieved	R 0	Cash flow challenges	Strengthening credit control, implementing daily disconnections and hand-over outstanding debt, cost coverage ratio to be achieved in 19/20 FT	Budget and Treasury	Cash Flow Position	n/a
FV021			Number of Monthly reconciliations (Debtors, Bank)	12	12	12	12	Achieved	R 0	N/A	N/A	Budget and Treasury	Monthly report	n/a
FV022		Revenue recovery plan	Percentage of creditors paid within 30 days	100%	0%	100%	23%	Not achieved	R 0	Cash flow constraints. Supplier legal documents not updated (tax clearance, CSD) led to delays in payments	Enhance revenue collection. Remind service providers to ensure legal documents are updated for timeous payments of invoices.	Budget and Treasury	Quarterly report	n/a
FV023		Improve expenditure control	Number of Monthly report of unauthorised expenditure	12	0	12	12	Achieved	R 499,914,000	N/A	N/A	Budget and Treasury	Monthly report	n/a
FV024	Improve Supply Chain Management	Procurement and procedures	Date 2019/2020 procurement plan approved	30-Jun-18	30-Jun-18	30-Jun-19	Not achieved	Not achieved	R 0	Late submissions by departments led to delay in development of procurement plan	A draft has been developed and is to be finalized in Q1 of 19/20	Budget and Treasury	Council Resolution & Procument Plan	n/a
FV025		Contract management	Number of contract register Updates	12 reports	3 Reports	12	0	Not achieved	R 0	Capacity constraints	Have requested support from Treasury for development, updating on contract register and staff training in 19/20 FY	Budget and Treasury	Summary of Contract Register	n/a
FV027		Bid committees	Number of Bid reports on meetings convened	4 reports	4 reports	4	4	Achieved	R 0	N/A	N/A	Budget and Treasury	Quarterly report, Agenda & Munites	n/a
FV028		Effectively and efficient use of Supply Chain Management	Number of SCM Reports submitted on Quartely basis	4 reports	4 reports	4	4	Achieved	R 0	N/A	N/A	Budget and Treasury	Procument Report	n/a
Cross Cutting														
CC001	Improving Land Use Management	Improved Spatial Development Framework	Date Inkosi Langalibalele Municipality Spatial Development Framework Reviewed & Adopted	30-Jun-18	Not Achieved	30-Jun-19	Not achieved	Not achieved	R 1,000,000	Capacity constraints in the business unit led to unachieved target	Service Provider Apointed,. An inception report has been developed. Spatial Development Framework o be completed in June 2020 and adopted by Council for implementation	Planning & Economic Development Department	Council Resolution	n/a
CC002		Implementatio n Spatial Land Use Management Act	100% of implementation of SPLUMA	100%	60%	100%	100%	Achieved	R 50,000	N/A	N/A	Planning & Economic Development Department	Council Resolution, gazette minutes, and agenda	n/a

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				TARGET	ACTUAL	ANNUAL TARGET	ANNUAL ACTUAL							
CC003		Develop a Single Scheme in terms of Spatial Planning and Land Use Management Act	Date Single Scheme developed and adopted	100%	60%	30-Jun-19	Not achieved	Not achieved	R 1,000,000	Meetings between services provider, municipality and Inkosi not convened.	Extension for developmeny of single scheme granted to service provider, to be completed December 2019	Planning & Economic Development Department	Council Resolution & ILM Single Scheme document, monthly reports	n/a
CC004		SPLUMA Applications Approvals	Number of Application approvals	16	4	13	14	Achieved	R 0	N/A	N/A	Planning & Economic Development Department	Applications approved by MPT and authorize officer	n/a
CC005	To insure improved response to Disasters	Establishment of Disaster Management Structures & Systems	Date Disaster Management Plan Reviewed	30-Jun-18	Not Achieved	30-Jun-19	Not achieved	Not achieved	R 0	Financial constraints resulted in target not being achieved	Draft has been developed with the assistance of Uthukela DM, should be finalised in Q1 2019/2020	Community Services	Council Resolution	All
CC006			Number of Disaster Management Advisory Forum meetings held	4	4	4	4	Achieved	R 379,496	N/A	N/A	Community Services	Attendance Register	n/a
CC007		Functional Disaster Management Centre	Percentage response to reported disasters	100%	100%	100%	100%	Achieved		N/A	N/A	Community Services	Quarterly Reports/ Incident forms	All
CC008			Number of disaster / fire awareness campaigns held	12	0	12	0	Not achieved		Financial Constraints in the municipality	Disaster vehicle to be purchased in next FY	Community Services	Monthly Reports/ Attendance registers	All
CC009		To ensure and Increase safety and security	Number of municipal fire drills conducted	4	0	4	71	Achieved		N/A	N/A	Community Services	Quarterly Reports	n/a